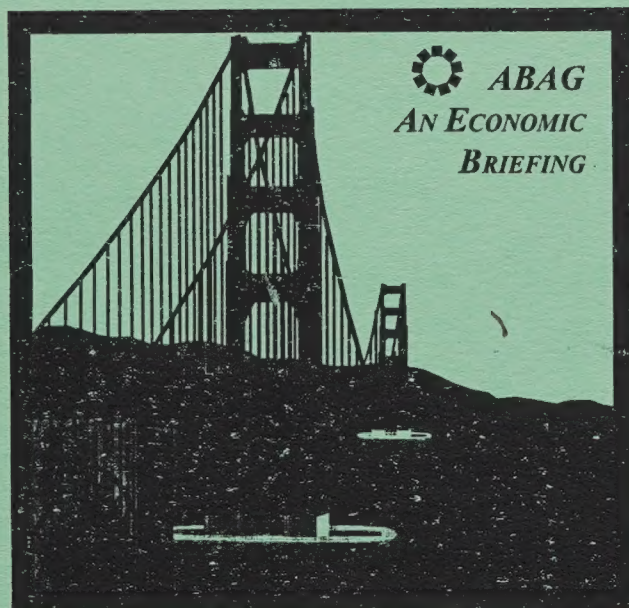




WILL THE BOOM CONTINUE?

REGIONAL ECONOMIC OUTLOOK: 1998 & 1999

JANUARY 29, 1998
METROCENTER AUDITORIUM, OAKLAND
8:30 A.M. - 12 NOON

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JAN 18 1999

UNIVERSITY OF CALIFORNIA

WILL THE BOOM CONTINUE?

A REGIONAL ECONOMIC OUTLOOK: 1998 & 1999

8:30 A.M. **REGISTRATION AND COFFEE**

9:00 A.M. **WELCOME AND OVERVIEW**

9:10 A.M. **CALIFORNIA'S OUTLOOK: CAUTION AHEAD?**
CAN WE AVOID THE ASIAN FLU?
WILL HIGH-TECH TAKE A BREATHER?
HOMEBUILDING: RECOVERY AT LAST?

BRUCE SMITH
PRINCIPAL ECONOMIST
STATE DEPT. OF FINANCE

9:50 A.M. **BAY AREA: ECONOMIC LEADER?**
WHERE IS GROWTH LIKELY TO OCCUR?
WHAT SORT OF JOBS CAN WE EXPECT?
HOW LONG WILL BAY AREA GROWTH CONTINUE?

PAUL FASSINGER
RESEARCH DIRECTOR, ABAG

10:45 A.M. **SHORT-TERM FORECASTS**
TAXABLE SALES: TOO MUCH OF A GOOD THING?
COMMERCIAL CONSTRUCTION INDUSTRY TRENDS

BRIAN KIRKING
REGIONAL PLANNER, ABAG

11:20 A.M. **IS THE BOOM BACK IN THE BAY AREA HOUSING MARKET?**
WHAT FACTORS ARE DRIVING DEMAND?
HOW LONG WILL IT LAST?

LESLIE APPLETON-YOUNG
V.P. AND CHIEF ECONOMIST
CALIFORNIA ASSOCIATION OF
REALTORS

11:45 A.M. **QUESTIONS AND ANSWERS**

California's Outlook: Caution Ahead?



Bruce Smith
Principal Economist
California Department
of Finance
January 29, 1998

California Outlook '98

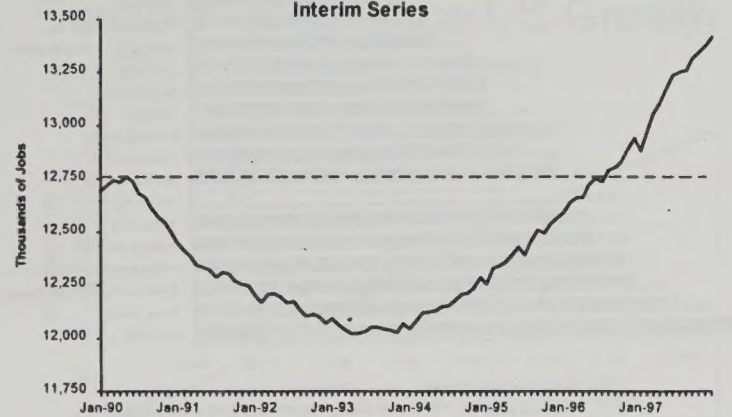
Can We Avoid the Asian Flu?
Will High Tech Take a Breather?
Homebuilding: Recovery at Last?
Begin with an Overview...
End with a cautionary tale...



California Department of Finance
January 1998

The Lopsided Smile

California Non-Farm Employment
Interim Series



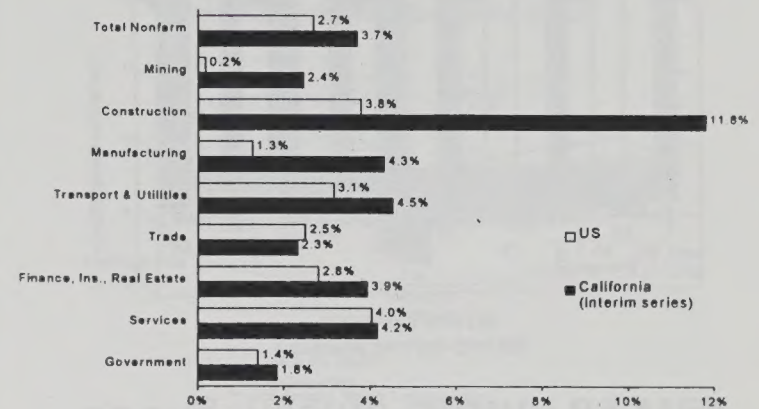
Last Observation: December, 1998

ABAG Short Term Economic Forecast 1998-99

3

Broadly-based upturn...

December, 1996 to December, 1997 Employment Growth

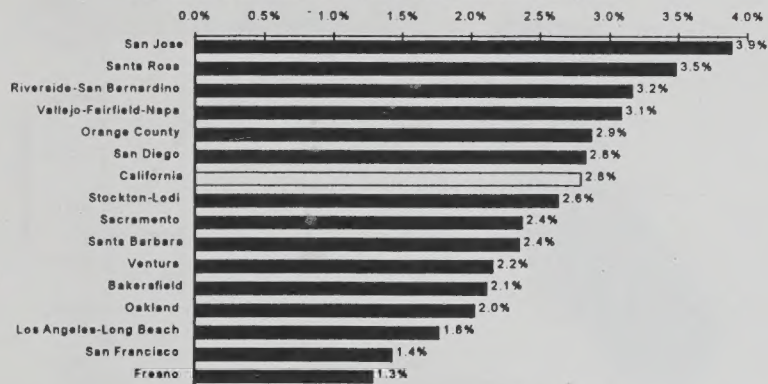


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4

...and Geographically Broadly-Based

Employment Growth: Metro Areas over 150,000 Jobs
December, 1996 to December, 1997: Establishment Survey, NSA

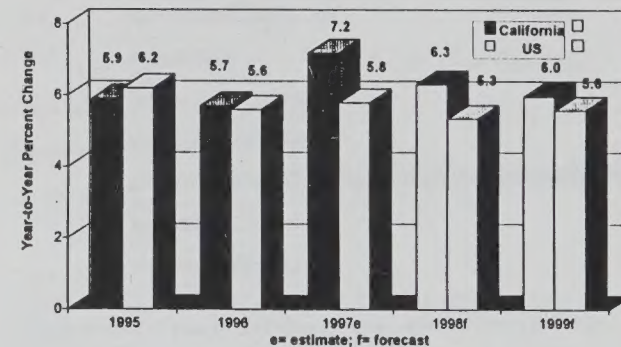


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Strong Income Growth as Well

Personal Income Growth
California and US

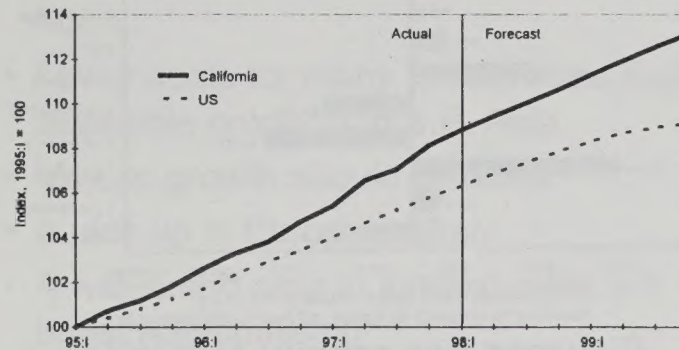


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6

Despite Asia, California Will Continue to Outpace US Growth

Job Growth, California and the US

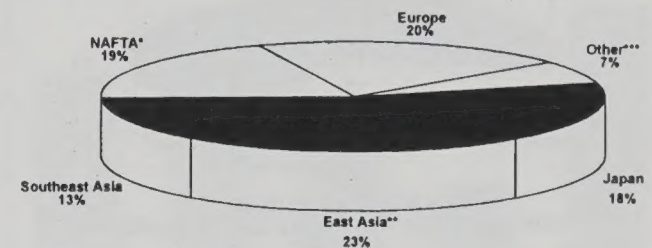


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7

Asia is Very Important to California

Half of California-Made Exports Are to Asia



* Canada and Mexico

** Excluding Japan

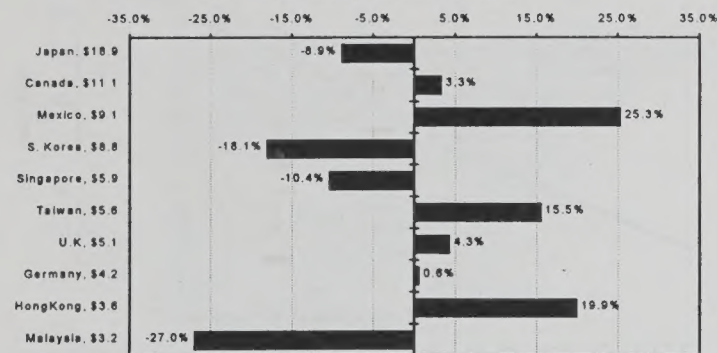
*** Latin America, Middle East and Africa

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But not all countries affected equally Exports to Mexico are booming

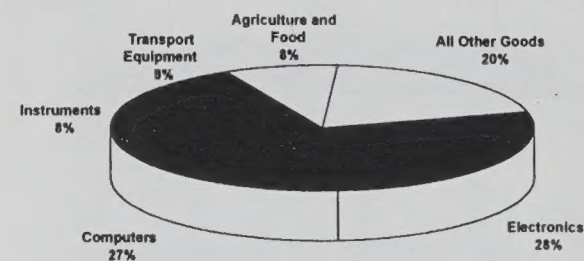
Percentage Change: Made in California Exports
First Six Months, 1997 over 1996



Source: Massachusetts Institute for Social and Economic Research

High-tech Dominates California-made Exports

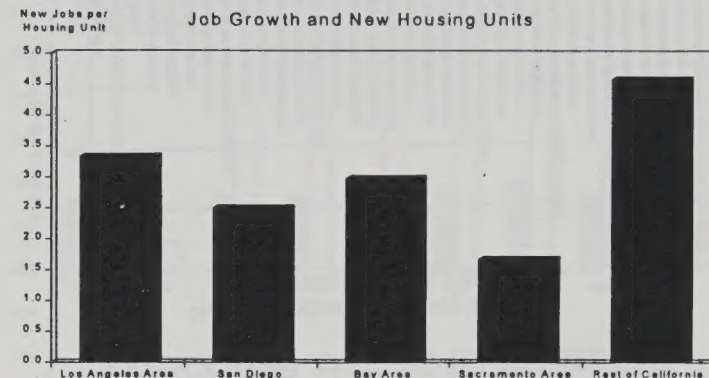
Exports of High Technology Equipment Dominate
California's Exports in 1996



Pluses and Minuses from Asia:

- Reduced demand, sharp price competition from devaluing countries, but. . .
- Lower costs for many hi-tech firms that assemble products in S.E. Asia
- Mexico growth should continue
- A pick-up in Europe is likely
- A well-timed drop in interest rates will boost homebuilding

"Intensive" housing use...



Housing is scarce in the Bay Area. .
and neighboring counties as well?

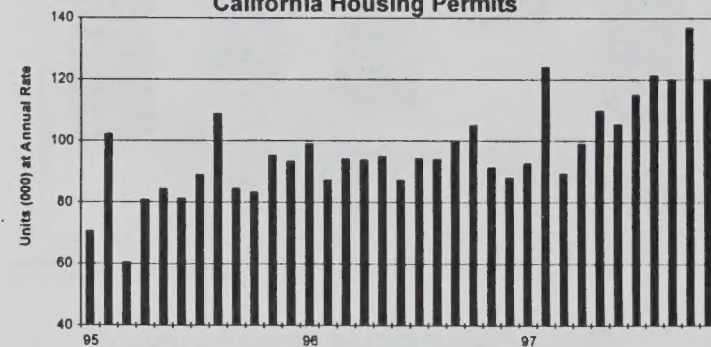
"The Alameda County Board of Supervisors is threatening to sue Tracy (San Joaquin County) if it approves the 5,499-home Tracy Hills project off I-580."

"...it would be the first time . . . that an outside local government has sued to stop a project because of traffic concerns."

Modesto Bee 12/24/97

Lower Interest Rates will Provide a Welcome Boost to Housing

Homebuilding Recovery at Last?
California Housing Permits



Questions and Answers

Can We Avoid the Asian Flu?

No, we depend on sales to Asia
No, and some of us don't want to.

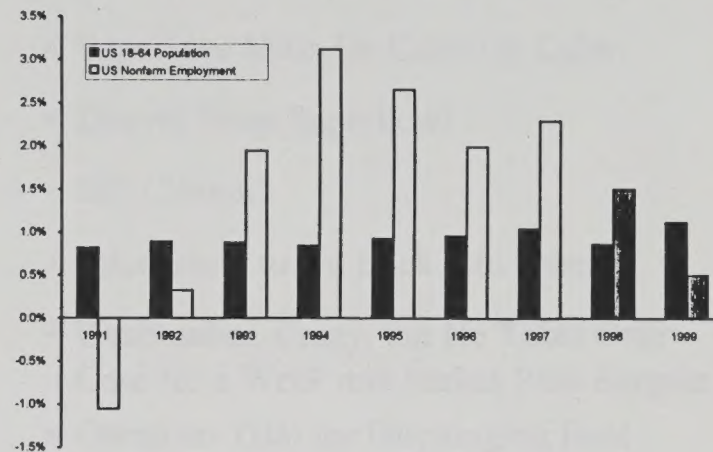
Will High Tech Take a Breather for now?

Yes, labor is unwilling or unavailable
No, expansion just moves to 'near' areas

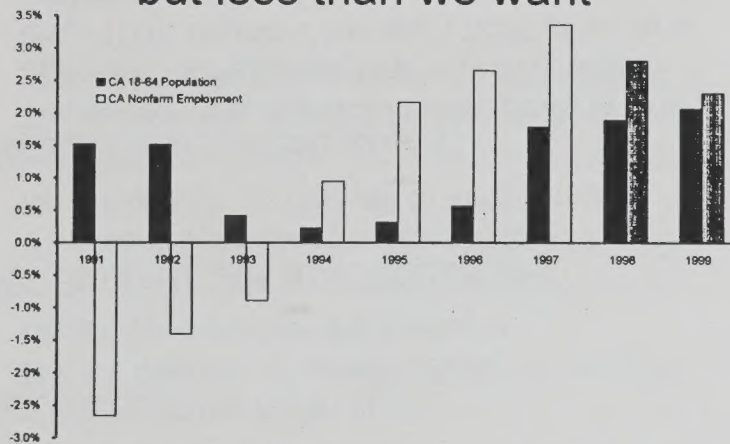
Homebuilding: Recovery at Last?

Too soon to tell. Big kick in Oct., down in Nov.,
besides, our all-time peak was over 300K
Over 100K rate for 7 months (120K or so for 4
months)

Caution: What's Ahead for the US



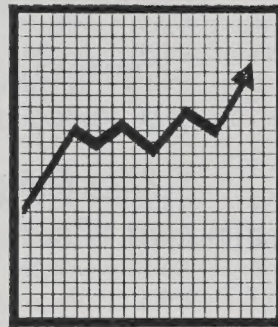
Caution: more for California, but less than we want



ABAG Short Term Economic Forecast 1998-99

Will the Boom Continue?

Paul W. Fassinger
Research Director
Association of
Bay Area Governments
January 29, 1998



El Nino Events?

- Pope Says Mass for Castro in Cuba
- Denver Wins Superbowl
- Bill Clinton?
- John Glenn to Go Back Into Space
- Unabomber, Crazy, but He Takes Over Case for a Week and Makes Plea-Bargain
- Oprah on Trial for Disparaging Beef

California's Economic Outlook

- Strong Growth Of 1996 through 1997 will be more moderate in 1998 and 1999
- California's Strong Export Sector Will be Hurt by Asian Economic Weakening
- Growth Among California's Regions is Becoming More Balanced

California Job Growth

	1996	1997	1996	1997
Industry				
Agriculture, Mining	410,092	422,275	1.6%	3.0%
Construction	510,483	558,833	5.2%	9.5%
Manufacturing	1,853,233	1,893,550	3.3%	2.2%
<i>High Technology</i>	457,450	472,883	5.9%	3.4%
Transp., Comm., Utilities	641,483	657,025	1.8%	2.4%
Wholesale Trade	745,258	766,475	2.9%	2.8%
Retail Trade	2,228,150	2,255,017	1.7%	1.2%
F.I.R.E.	733,125	735,342	0.2%	0.3%
Services	3,916,700	4,089,392	5.0%	4.4%
<i>Business Services</i>	972,408	1,048,608	9.7%	7.8%
Government	2,116,975	2,151,775	0.5%	1.6%
TOTAL	13,155,500	13,529,683	2.8%	2.8%
<i>Job Growth</i>	359,808	374,183		

Recent Bay Area Job Growth

Industry	1996	1997	1996	1997
Agriculture, Mining	25,825	27,117	6.0%	5.0%
Construction	127,267	138,017	10.4%	8.4%
Manufacturing	476,417	490,308	6.0%	2.9%
<i>High Technology</i>	243,133	254,917	9.7%	4.8%
Transp., Comm., Utilities	171,583	176,133	2.4%	2.7%
Wholesale Trade	167,183	171,542	3.1%	2.6%
Retail Trade	491,975	499,975	1.8%	1.6%
F.I.R.E.	194,383	195,942	0.7%	0.8%
Services	977,350	1,019,042	6.1%	4.3%
<i>Business Services</i>	290,258	313,733	12.9%	8.1%
Government	436,183	440,008	-1.0%	0.9%
TOTAL	3,068,167	3,158,300	3.8%	2.9%
	111,542	90,133		

ABAG Short Term Economic Forecast 1998-99

22

Comparative Job Growth 1996

1996 Employment Growth

	Bay Area	San Diego	Orange Ct	LA
Agriculture, Mining	6.0%	0.4%	6.9%	-3.2%
Construction	10.4%	1.6%	4.6%	-1.1%
Manufacturing	6.0%	1.1%	3.1%	1.2%
High Technology	9.7%	5.0%	2.9%	2.0%
Transp., Comm., Utilities	2.4%	1.7%	0.6%	0.9%
Wholesale Trade	3.1%	1.1%	5.8%	-0.1%
Retail Trade	1.8%	2.5%	0.3%	1.1%
F.I.R.E.	0.7%	1.3%	0.8%	-2.5%
Services	6.1%	2.7%	4.5%	4.1%
Business Services	12.9%	5.5%	6.5%	7.7%
Government	-1.0%	1.8%	1.4%	-0.4%
TOTAL	3.8%	2.1%	2.8%	1.5%

ABAG Short Term Economic Forecast 1998-99

23

Comparative Job Growth 1997

1997 Employment Growth

	Bay Area	San Diego	Orange Ct	LA
Agriculture, Mining	5.0%	-4.4%	-11.9%	5.1%
Construction	8.4%	10.0%	5.8%	0.0%
Manufacturing	2.9%	2.2%	3.2%	1.8%
High Technology	4.8%	2.6%	3.1%	3.0%
Transp., Comm., Utilities	2.7%	0.5%	3.2%	1.6%
Wholesale Trade	2.6%	1.4%	4.0%	1.0%
Retail Trade	1.6%	1.2%	1.4%	0.8%
F.I.R.E.	0.8%	0.3%	0.5%	-0.3%
Services	4.3%	3.2%	3.2%	3.5%
Business Services	8.1%	5.7%	6.1%	7.2%
Government	0.9%	1.3%	2.8%	1.1%
TOTAL	2.9%	2.2%	2.7%	1.9%

Bay Area Prospects

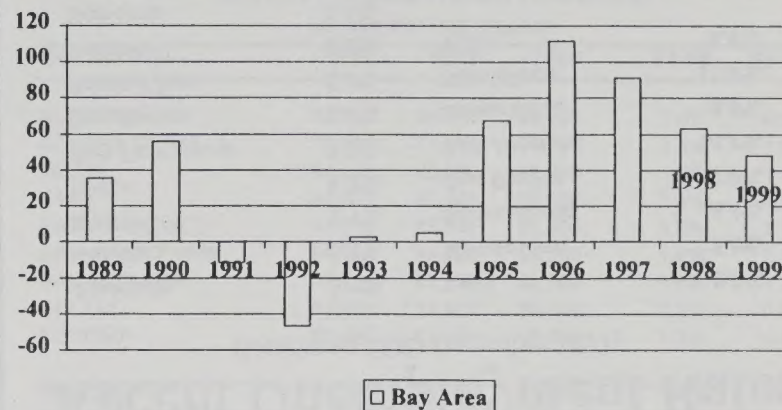
- Continuation From Previous Growth, Recent Building and Investments Provide Benefits
- Growth Concentrated in Services, High Tech
- Already Low Unemployment Makes Significant Expansion More Difficult
- High Real Estate Prices Are a Difficulty

Bay Area Forecast

	1997	1998	1999
Ave. Household Income	\$72,400	\$73,400	\$74,200
Inflation Rate	3.4%	3.0%	2.9%
Employment Growth	90,100	63,200	48,300

Employment Growth

Wage and Salary Employment (California EDD, ABAG)



Wage and Salary Jobs by County

(Cal EDD, ABAG)

	1996	1997	1998	1999
	Jobs	Jobs	Jobs	Jobs
<i>Alameda</i>	619,700	632,320	641,170	647,930
<i>Contra Costa</i>	298,300	304,370	308,630	311,880
<i>Marin</i>	102,500	105,280	107,230	108,720
<i>Napa</i>	48,230	49,290	50,030	50,600
<i>San Francisco</i>	535,600	550,120	560,300	568,080
<i>San Mateo</i>	317,300	325,900	331,930	336,540
<i>Santa Clara</i>	884,000	920,650	946,350	965,990
<i>Solano</i>	163,200	168,200	171,710	174,390
<i>Sonoma</i>	101,970	104,210	105,780	106,980
 <i>Region</i>	 3,068,170	 3,158,300	 3,221,500	 3,269,800

Recent Unemployment Rates

(California EDD December 1997)

<i>Alameda</i>	3.3%	<i>Lake</i>	9.5%
<i>Contra Costa</i>	3.3%	<i>Mendocino</i>	7.8%
<i>Marin</i>	2.1%	<i>Sacramento</i>	4.4%
<i>Napa</i>	4.9%	<i>San Benito</i>	11.0%
<i>San Francisco</i>	3.2%	<i>San Joaquin</i>	10.7%
<i>San Mateo</i>	2.0%	<i>Santa Cruz</i>	8.6%
<i>Santa Clara</i>	2.3%	<i>Stanislaus</i>	11.9%
<i>Solano</i>	5.2%	<i>Yolo</i>	6.4%
<i>Sonoma</i>	3.1%		
		<i>California</i>	5.5%

Occupational Projections

	TOTAL 1995	TOTAL 2000	PERCENT GROWTH
MANAGERS, ADMINISTRATORS	244,400	294,862	20.6%
PROFESSIONAL, PARAPROF	766,600	926,696	22.7%
ENGINEERS, COMPUTER SUPPORT	182,400	244,512	34.1%
LAW AND RELATED	26,200	26,300	0.4%
TEACHERS, EDUCATORS	175,200	209,565	19.6%
HEALTH PRACTITIONERS	124,400	128,400	3.2%
SALES AND RELATED	363,800	374,000	6.7%
CLERICAL, ADMIN. SUPPORT	611,100	676,462	10.7%
SERVICE OCCUPATIONS	430,000	466,400	8.9%
PROTECTIVE SERVICES	52,700	58,400	10.8%
FOOD SERVICE	202,600	209,000	3.2%
HEALTH SERVICE	44,500	48,300	8.5%
AGRICULTURAL	28,300	30,100	6.4%
PRODUCT., CONSTR., TRANSP.	601,600	698,701	16.2%
TOTAL, ALL OCCUPATIONS	3,028,300	3,460,000	14.3%

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30

MEAN HOUSEHOLD INCOME

IN CONSTANT 1995 DOLLARS

COUNTIES	1997	1998	1999	97-98	98-99
ALAMEDA	63,200	64,100	64,700	1.4%	0.9%
CONTRA COSTA	76,500	77,600	78,400	1.4%	1.0%
MARIN	94,400	95,900	97,000	1.6%	1.1%
NAPA	62,500	63,400	64,000	1.4%	0.9%
SAN FRANCISCO	64,700	65,700	66,400	1.5%	1.1%
SAN MATEO	84,100	85,300	86,200	1.4%	1.1%
SANTA CLARA	80,500	81,800	82,700	1.6%	1.1%
SOLANO	57,900	58,500	59,000	1.0%	0.9%
SONOMA	62,400	63,200	63,800	1.3%	0.9%
REGION	72,400	73,400	74,200	1.4%	1.1%

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31

Conclusions: Moderation

- Economic Expansion Will Become More Moderate in 1998 and 1999: Asia, Already Low Unemployment Levels
- Services and Technology Continue to Drive the Economy, But Slowing
- Household Incomes Will Grow, But at Slower Rates

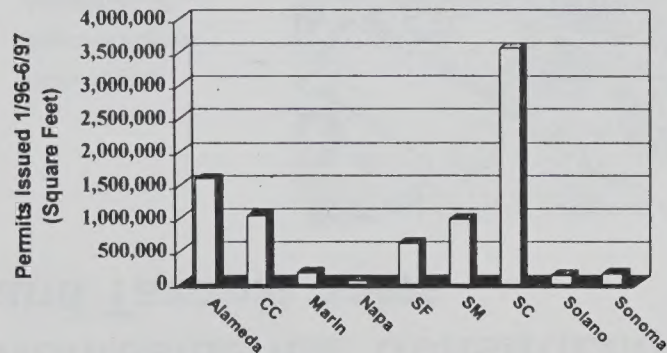
Nonresidential Construction and Taxable Sales

**Brian Kirking
Regional Planner
Association of
Bay Area Governments
January 29, 1998**



Recent Nonresidential Construction Activity

Office Building Permits Recent Activity By County



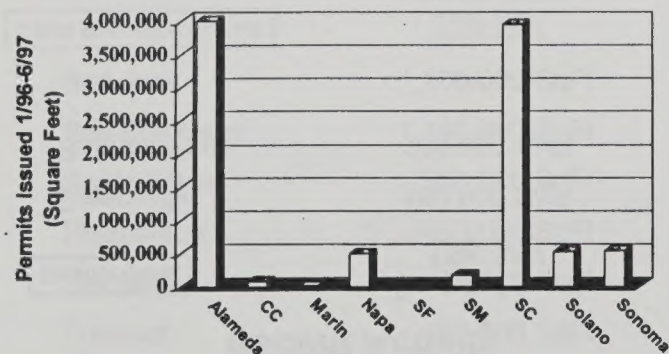
Source: Construction Industry Research Board; ABAG analysis

Office Building Permits Recent Activity

Cities With Most Activity	Permits Issued 1/96-6/97
Santa Clara	1,100,000 SqFt
Pleasanton	1,000,000 SqFt
San Jose	950,000 SqFt
Redwood City	900,000 SqFt
San Francisco	600,000 SqFt
Mountain View	550,000 SqFt

Source: Construction Industry Research Board; ABAG analysis

Industrial Building Permits Recent Activity By County



Source: Construction Industry Research Board; ABAG analysis

Industrial Building Permits Recent Activity

Cities With Most Activity

Permits Issued
1/96-6/97

San Jose	2,700,000 SqFt
Fremont	2,400,000 SqFt
Milpitas	650,000 SqFt
Hayward	650,000 SqFt
Uninc. Napa Co.	400,000 SqFt
Santa Clara	400,000 SqFt

Source: Construction Industry Research Board; ABAG analysis

Industrial Building Permits Recent Activity

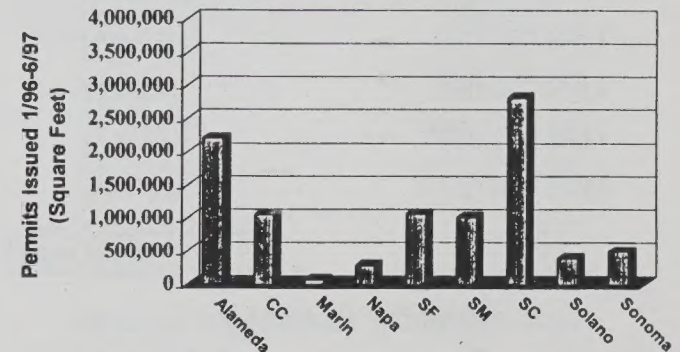
Smaller Cities

Permits Issued
1/96-6/97

Emeryville	150,000 SqFt
Rohnert Park	200,000 SqFt

Source: Construction Industry Research Board; ABAG analysis

Retail/Commercial Bldg Permits Recent Activity By County



Source: Construction Industry Research Board; ABAG analysis

Retail/Commercial Bldg Permits

Recent Activity

Cities With Most Activity

Permits Issued
1/96-6/97

San Jose	1,100,000 SqFt
San Francisco	1,100,000 SqFt
Santa Clara	900,000 SqFt
Pleasanton	650,000 SqFt
San Mateo	450,000 SqFt
Fremont	400,000 SqFt

Source: Construction Industry Research Board; ABAG analysis

Retail/Commercial Bldg Permits

Recent Activity

Smaller Cities

Permits Issued
1/96-6/97

Colma	100,000 SqFt
American Canyon	150,000 SqFt
Dixon	150,000 SqFt

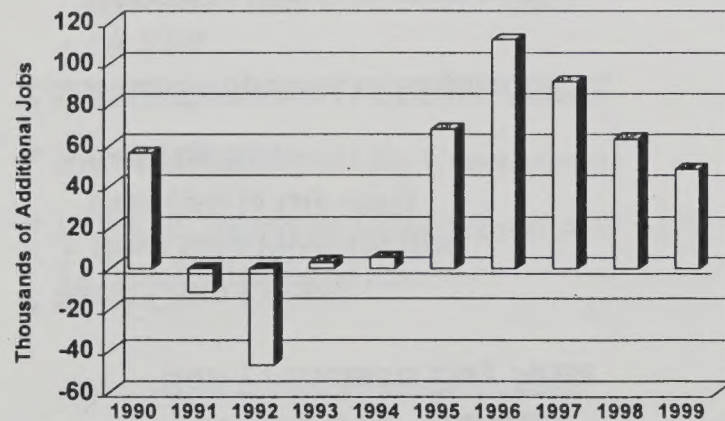
Source: Construction Industry Research Board; ABAG analysis

Factors Affecting Taxable Sales

Population and Income San Francisco Bay Area

- Steady Population Growth of 1-2% Annually For the Region
- Real Income Up 8% Between 1995 and 1997
- Income Growth Will Slow But Remain Positive

Employment Growth San Francisco Bay Area



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45

Consumer Confidence

- Historically High Levels In Late 1996 and Throughout 1997
- Significant Drop In January 1998 (Concern About Asian Economies?)

Source: The Conference Board

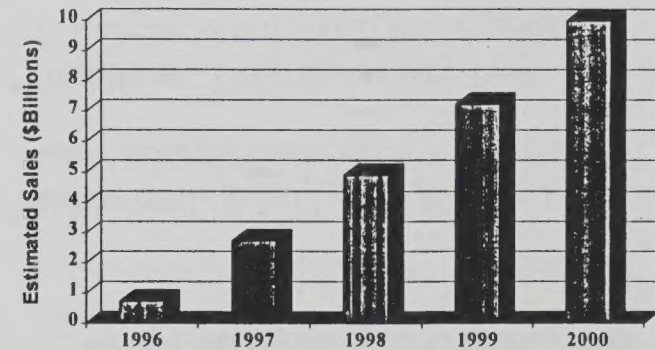
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46

Housing Costs San Francisco Bay Area

- Santa Clara County:
 - Home Sales Prices Up 10%
(July 1996 to July 1997)
 - Rents Up 20%
- Shelter Component of Regional CPI:
 - Up 7.1%
(December 1996 to December 1997)

Sales Over the Internet



Source: Yankee Group, Boston, MA

Mail Order Sales

- Annual Revenues Over \$250 Billion
- Internet Sales Small By Comparison
- If Taxed, Interstate Sales Would Add 2-3% To Total Taxable Sales

Source: U.S. Advisory Commission on Intergovernmental Relations

Taxable Sales Forecasts

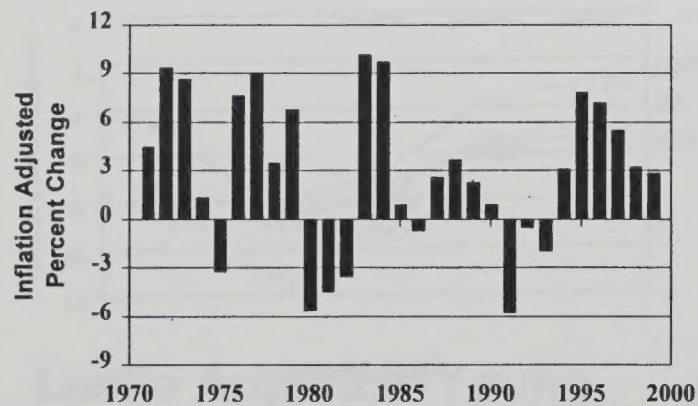
Taxable Sales Growth San Francisco Bay Area

Nominal Percent Growth					
	1995	1996	Estimate 1997	Forecast 1998	Forecast 1999
Retail Stores	6.7	8.0	6.5	5.0	4.3
All Other Outlets (including Services)	15.1	11.9	12.4	8.1	7.7
Total Taxable Sales	9.8	9.5	8.9	6.2	5.7

Taxable Sales Growth San Francisco Bay Area

Inflation Adjusted					
	1995	1996	Estimate 1997	Forecast 1998	Forecast 1999
Retail Stores	4.7	5.7	3.1	2.0	1.4
All Other Outlets (including Services)	13.1	9.6	9.0	5.1	4.8
Total Taxable Sales	7.8	7.2	5.5	3.2	2.8

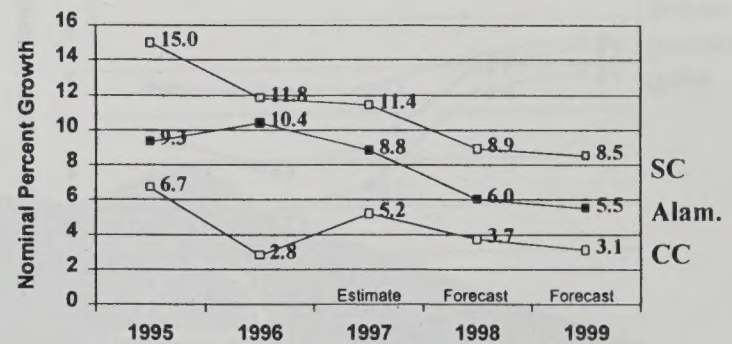
Taxable Sales Growth San Francisco Bay Area



ABAG Short Term Economic Forecast 1998-99

53

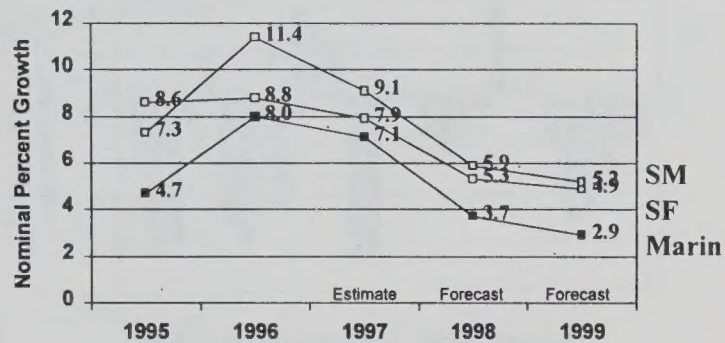
Taxable Sales Growth East Bay & South Bay



ABAG Short Term Economic Forecast 1998-99

54

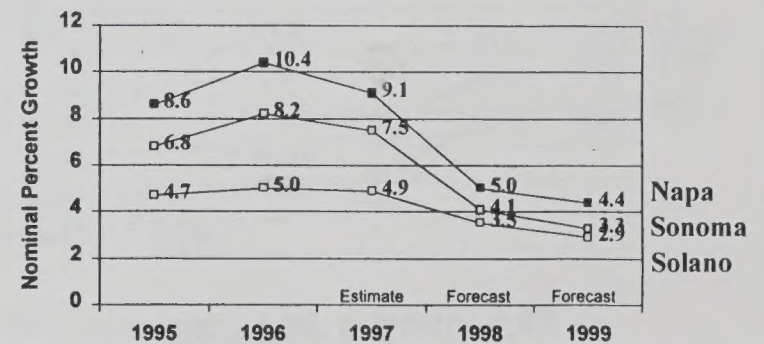
Taxable Sales Growth West Bay



ABAG Short Term Economic Forecast 1998-99

55

Taxable Sales Growth North Bay



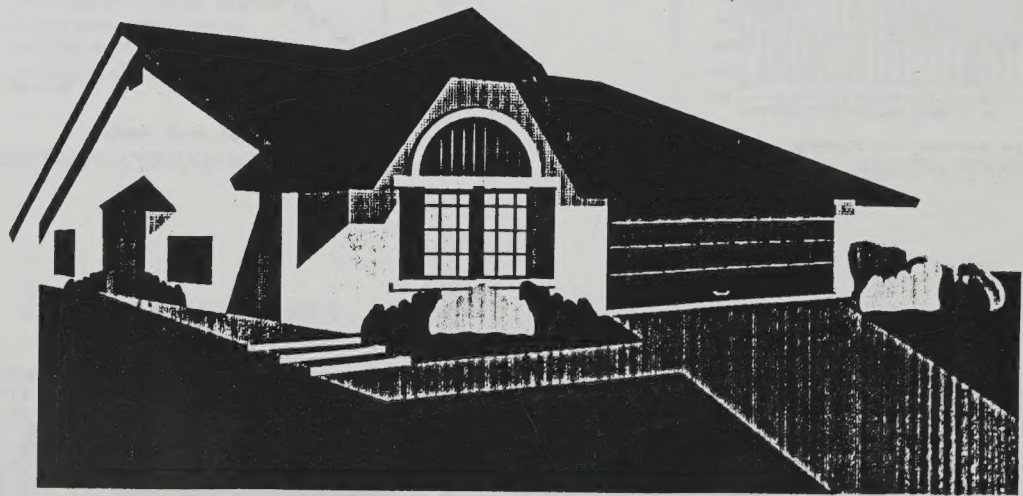
ABAG Short Term Economic Forecast 1998-99

56

Bay Area Real Estate Market Update

Leslie Appleton-Young
Chief Economist
California Association
of Realtors

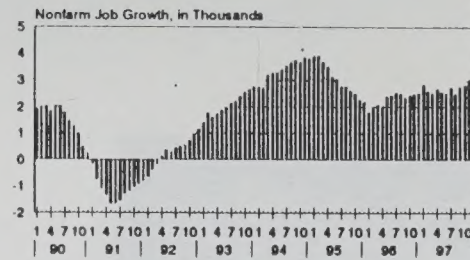
January 29, 1998



BAY AREA REAL ESTATE MARKET UPDATE

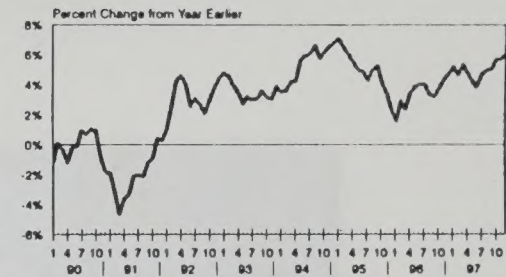
Association of Bay Area Governments
January 29, 1998

Employment Growth



Industrial Production

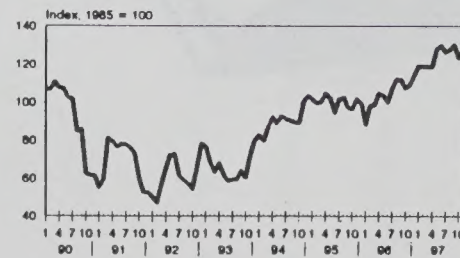
Manufacturing is strong



National Economic Trends

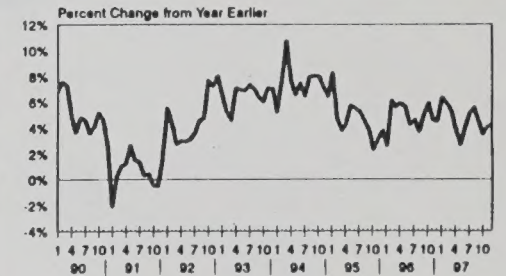
Consumer Confidence Index

Highest since 1969



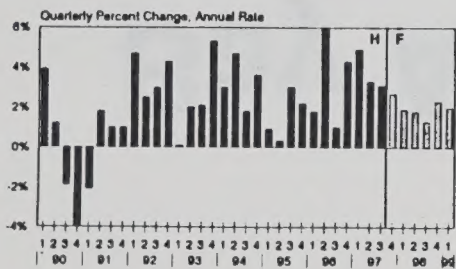
Retail Sales

Trending Up - Consumer led recovery



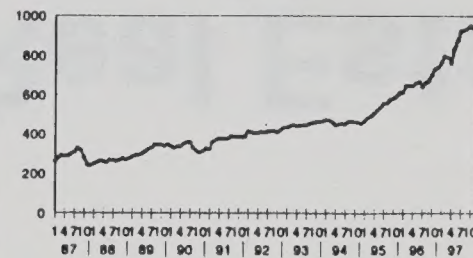
Economic Growth

GDP slowing down ...



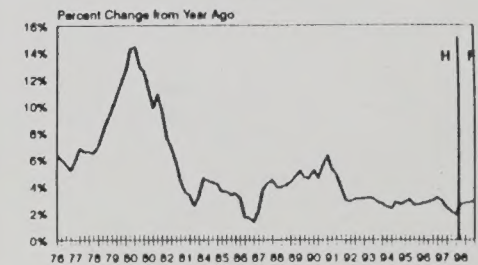
STOCK PRICE INDEX

1987 - 1997



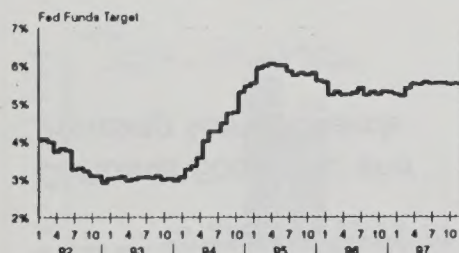
Inflation

No Worries

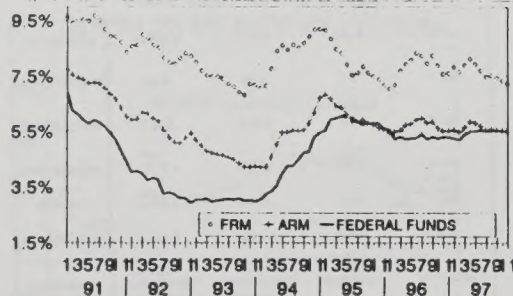


Federal Funds Rate

No change in Fed policy since March



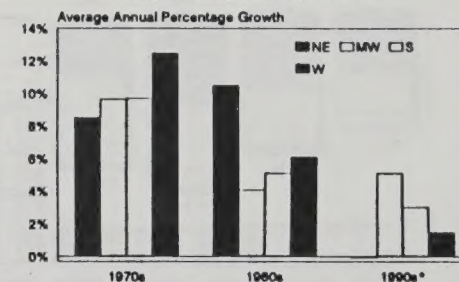
MORTGAGE RATES



SOURCE: FEDERAL HOME LOAN MORTGAGE CORP.

Median Prices

Single-Family Existing Homes



* Through 1996

the chances of a decline in prices of goods and services "not...a significant near-term risk."

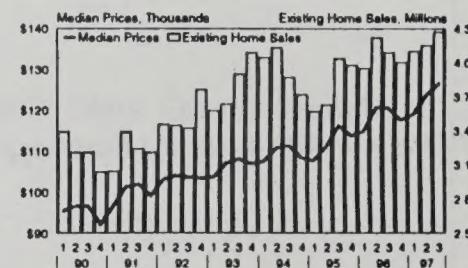
Alan Greenspan
January 3, 1998

Housing Trends

- Resales hit 4.085 million in 1996
 - Surpassing 1976 peak of 3.986 million
 - Median Price \$118,000; up 4.5%
- West and South continue to lead
 - Housing prices rising
 - Activity slightly lower vs 1995
 - Except in California
- Home Ownership rate is up
 - 1996 = 65.4%
 - Highest since 1981

Existing Home Sales

Q3/1997: Prices Up 5.0%, Sales up 4.4% from Q3/1996



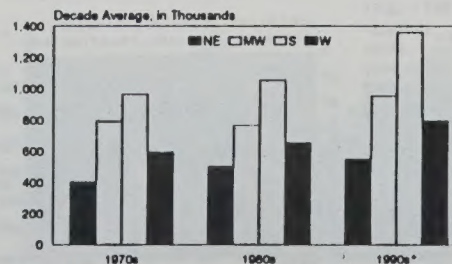
Market Reaction to possibility of deflation:

1/5/98 Bond yields hit 5.73%
Level not seen since 1960's
1/6/98 Stocks lower

What It means for housing:
Higher refi activity
Real estate desirable asset

Existing Home Sales

Single-Family Units



* Through 1996

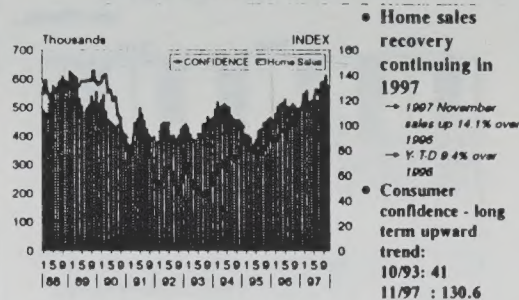
California Economic and Housing Market Trends

Market Reaction to possibility of deflation:

1/5/98 Bond yields hit 5.73%
Level not seen since 1960's
1/6/98 Stocks lower

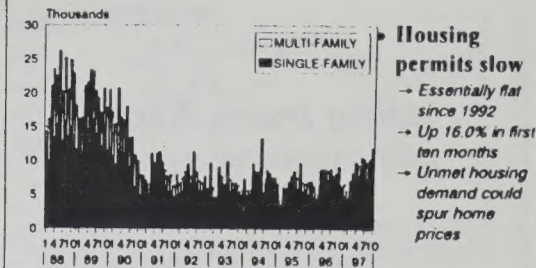
What it means for housing:
Higher refi activity
Real estate desirable asset

CALIFORNIA HOME RESALES AND PACIFIC WEST CONSUMER CONFIDENCE



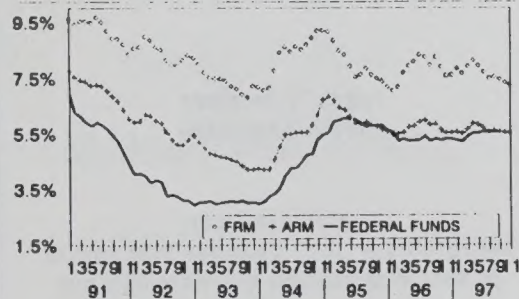
SOURCES: The Conference Board; California Association of REALTORS®

NEW HOUSING PERMITS CALIFORNIA



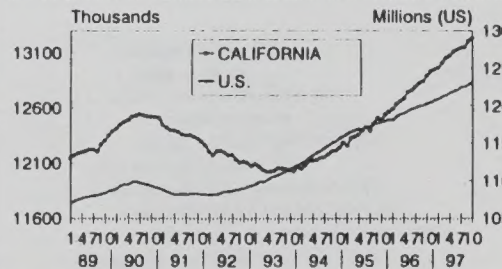
SOURCE: Construction Industry Research Board

MORTGAGE RATES



SOURCE: FEDERAL HOME LOAN MORTGAGE CORP.

NONFARM EMPLOYMENT U.S. VERSUS CALIFORNIA



SOURCES: Department of Labor, Employment Development Department

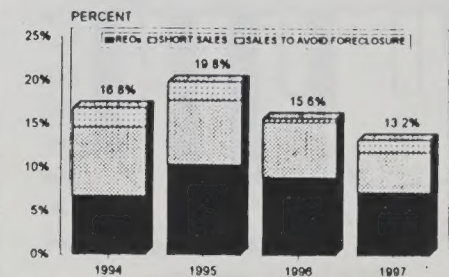
Housing Finance Survey Results

California Economic and Housing Market Trends

California recovery taking hold throughout Golden State

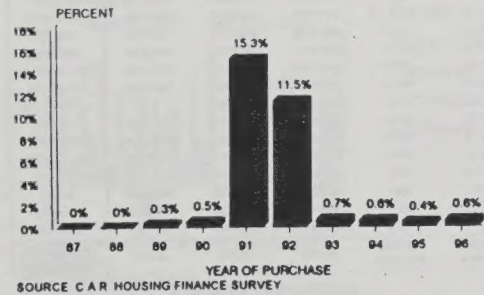
(Thousands)	Nonfarm Employment NOV 96	Nonfarm Employment NOV 97	Difference	% Change
Southern Calif	7161.6	7312.1	150.5	2.1%
Bay Area	2136.1	2196	59.9	2.8%
Central Valley	1413.7	1443.4	29.7	2.1%
Central Coast	346.2	355.5	9.3	2.7%
North Central	96.6	98.2	1.6	1.7%
CALIFORNIA	13031.8	13370	338.2	2.6%

"DISTRESSED" SALES ACTIVITY 1994 to 1997

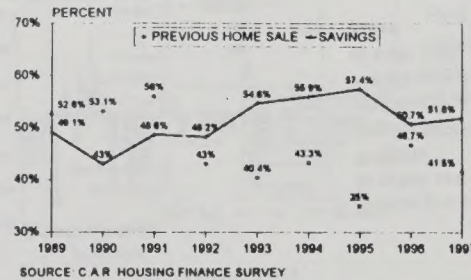


SOURCE: C.A.R. HOUSING FINANCE SURVEY

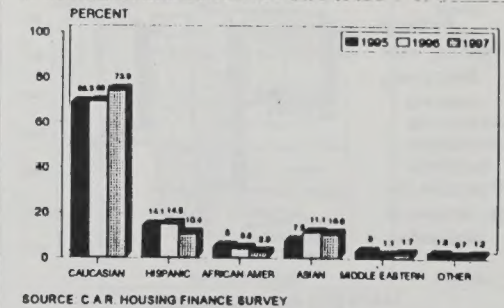
ESTIMATED PROPORTION OF CALIFORNIA HOMEOWNERS WITH NEGATIVE HOME EQUITY 1997



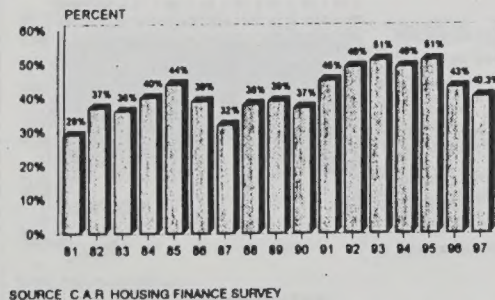
REPEAT BUYERS: SOURCES OF DOWNPAYMENT



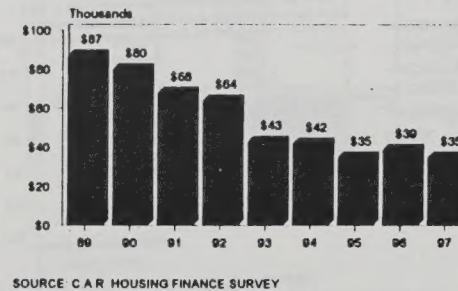
ETHNIC BACKGROUND OF BUYERS 1995 & 1996



PROPORTION OF FIRST-TIME HOMEBUYERS

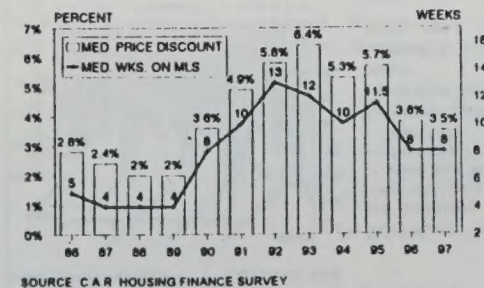


MEDIAN NET CASH TO SELLERS

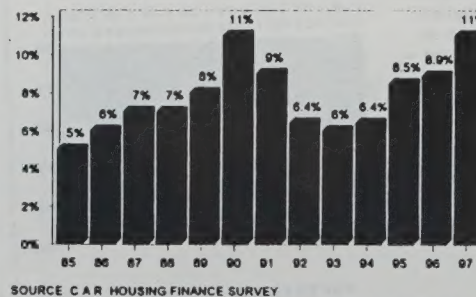


Santa Clara County Trends

MEDIAN PRICE DISCOUNT AND WEEKS ON MARKET



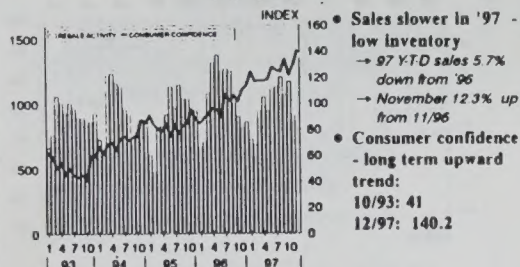
ALL CASH PURCHASES



Santa Clara County Profile

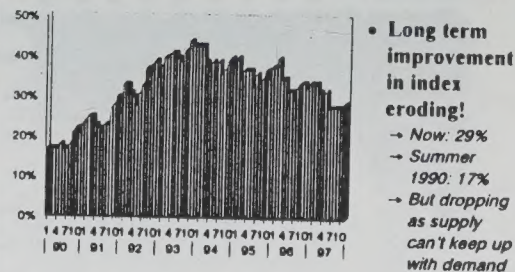
Characteristic	Statistic	State Rank
1996 Population	1,638,300	4
% Population Change 1990 - 1996	8.9%	24
% Population Change 1980 - 1990	15.64%	46
% White 1995	53.0%	48
% Hispanic 1995	22.7%	21
% Black 1995	3.6%	21
% Asian & Pacific Islander 1995	20.4%	2
1997 Per Capita Income	\$27,347	
1997 Median Household Income	\$61,529	
1997 Median Age	34.82	31
Land Area Square Miles	1,293	37
1993 Total Number of Firms	69,887	4
1996 Employment	864,300	4

HOME RESALE ACTIVITY AND PACIFIC WEST CONSUMER CONFIDENCE SANTA CLARA



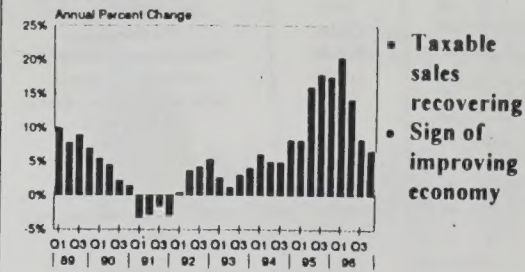
SOURCE: California Association of REALTORS® The Conference Board

HOUSING AFFORDABILITY SANTA CLARA



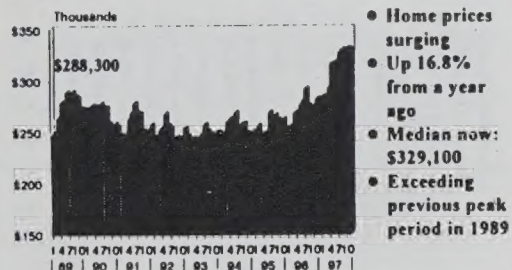
SOURCE: California Association of REALTORS®

TAXABLE SALES SANTA CLARA COUNTY



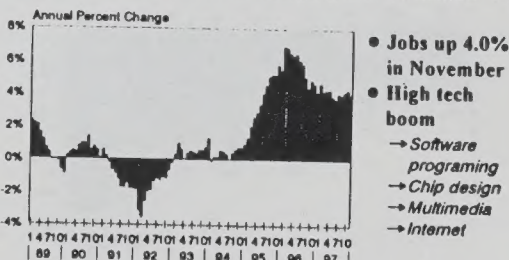
Source: State Board Of Equalization

MEDIAN HOME PRICES SANTA CLARA



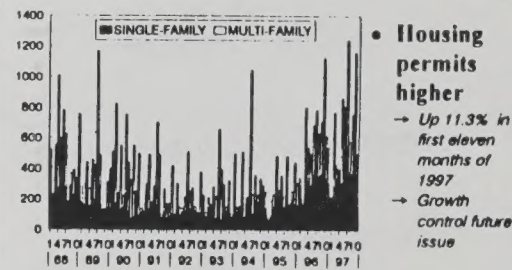
SOURCE: California Association of REALTORS®

NONFARM EMPLOYMENT SANTA CLARA



Source: Employment Development Department

NEW HOUSING PERMITS SANTA CLARA COUNTY



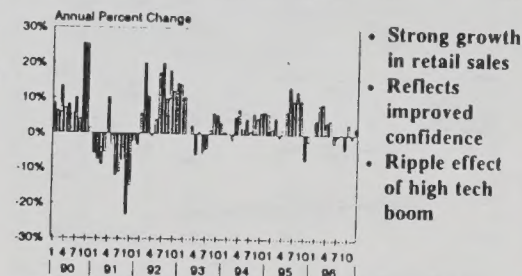
SOURCE: Construction Industry Research Board

MEDIAN HOME SALES PRICE SANTA CLARA COUNTY

	Nov 97	Oct 97	Nov 96	Monthly % Change	Yearly % Change
Campbell	\$283,500	\$283,000	\$213,750	0.2%	32.6%
Cupertino	\$394,500	\$422,500	\$354,000	-4.6%	11.4%
Gilroy	\$248,500	\$240,000	\$217,000	4.0%	15.0%
Los Altos	\$675,000	\$685,000	\$544,500	-1.5%	24.0%
Los Altos Hills	\$613,750	\$1,823,000	\$629,000	-49.9%	-1.0%
Los Gatos	\$470,000	\$415,000	\$344,500	13.3%	36.4%
Milpitas	\$244,000	\$246,250	\$221,500	-0.9%	10.2%
Monte Sereno	N.A.	\$642,000	\$707,500	N.A.	N.A.
Morgan Hill	\$354,750	\$284,000	\$274,000	24.9%	29.5%
Mountain View	\$317,000	\$286,000	\$213,000	6.0%	48.9%
Palo Alto	\$533,000	\$478,000	\$444,500	12.0%	19.9%
San Jose	\$248,750	\$246,500	\$221,000	0.1%	13.0%
Santa Clara	\$298,250	\$258,500	\$222,000	15.4%	34.3%
Saratoga	\$717,500	\$755,500	\$574,250	-5.0%	24.0%
Sunnyvale	\$325,000	\$272,000	\$311,000	19.5%	4.5%

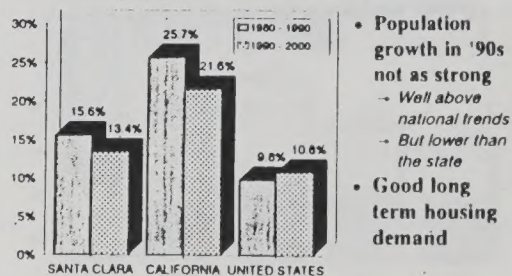
SOURCES: California Association of REALTORS® TransAmerica's Multifamily Real Estate Service

RETAIL SALES SANTA CLARA



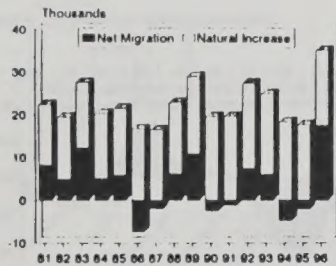
* Due to budget constraints, Census Bureau has discontinued retail sale since January 1997
Source: Census Bureau

POPULATION GROWTH IN SANTA CLARA COMPARED TO THE NATION AND THE STATE



SOURCES: CENSUS, DEPT. OF FINANCE

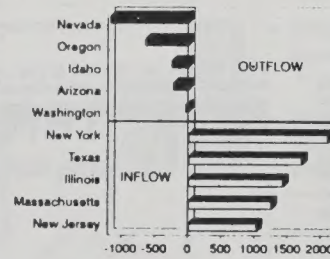
SOURCES OF POPULATION GROWTH SANTA CLARA COUNTY



- Positive net migration
- Natural increase is constant

Source: Department of Finance

NET MIGRATION IN SANTA CLARA COUNTY INTERSTATE FLOWS 1995/1996



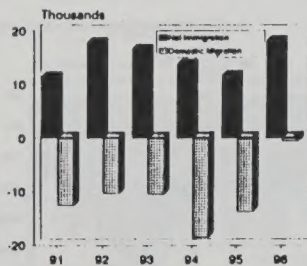
- Attracting East Coast citizens
- Out-migration to Western states

Source: DMV

San Mateo County Profile

Characteristic	Statistic	State Rank
1996 Population	698,000	13
% Population Change 1990 - 1996	7.2%	37
% Population Change 1980 - 1990	10.61%	50
% White 1995	55.8%	47
% Hispanic 1995	20.2%	24
% Black 1995	4.9%	16
% Asian & Pacific Islander 1995	18.7%	3
1997 Per Capita Income	\$30,022	
1997 Median Household Income	\$59,363	
1993 Median Age	36.71	21
Land Area Square Miles	447	58
1993 Total Number of Firms	35,197	10
1996 Employment	364,500	11

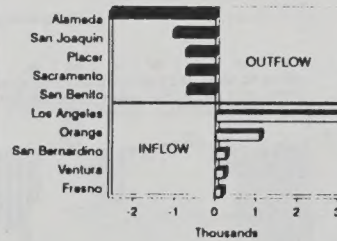
NET IMMIGRATION VS. DOMESTIC MIGRATION SANTA CLARA COUNTY



- Net migration positive because...
- Large foreign immigration out-weighs small losses from domestic outflows

Source: Department of Finance

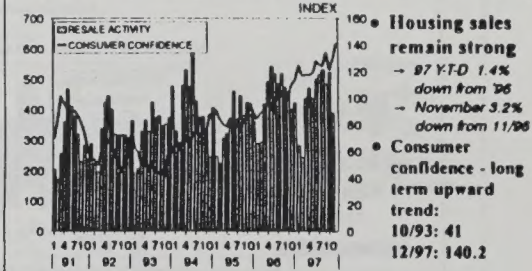
NET MIGRATION IN SANTA CLARA COUNTY INTERCOUNTY FLOWS 1995/1996



- Losing to northern counties
- Note net inflow from LA

Source: DMV

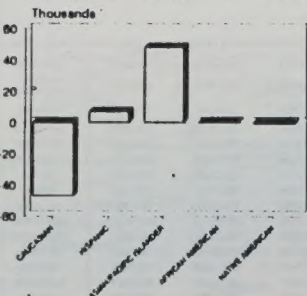
HOME RESALE ACTIVITY AND PACIFIC WEST CONSUMER CONFIDENCE SAN MATEO



- Housing sales remain strong
- 97 YTD 1.4% down from '96
- November 3.2% down from 11/96
- Consumer confidence - long term upward trend:
- 10/93: 41
- 12/97: 140.2

SOURCE: California Association of Realtors, The Conference Board

NET IMMIGRATION BY ETHNIC GROUP SANTA CLARA (1990 CENSUS TO JULY 1995)

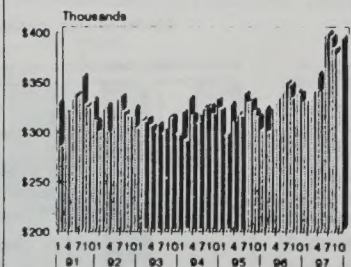


- Asians immigrants dominant groups

Source: Department of Finance

San Mateo County Trends

MEDIAN HOME PRICES SAN MATEO



- Home prices up sharply
- November: \$393,670
- Up 16.5% from a year ago
- Low inventory fuels multiple offers
- Silicon Valley boom spilling over to San Mateo

SOURCE: California Association of Realtors

MEDIAN HOME SALES PRICE

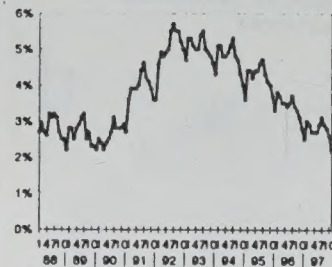
SAN MATEO COUNTY

	Nov 97	Oct 97	Nov 96	Monthly % Change	Yearly % Change
Atherton	\$1,350,000	\$882,500	\$1,152,500	53.0%	17.1%
Belmont	\$495,000	\$336,500	\$352,500	20.4%	14.9%
Burlingame	\$420,000	\$473,750	\$345,000	11.3%	21.7%
Daly City	\$230,000	\$221,000	\$219,500	4.1%	4.9%
Foster City	\$381,000	\$340,000	\$270,000	15.0%	44.8%
Half Moon Bay	\$318,000	\$390,000	\$300,000	16.3%	6.0%
Hillsborough	\$1,065,000	\$1,150,000	\$625,000	8.3%	27.9%
Menlo Park	\$508,000	\$500,500	\$395,000	0.3%	27.1%
Millbrae	\$397,000	\$355,000	\$363,000	11.8%	9.4%
Pacifica	\$248,000	\$242,500	\$245,000	2.3%	1.3%
Redwood City	\$319,000	\$354,500	\$275,000	10.0%	18.0%
San Bruno	\$211,000	\$228,500	\$212,500	7.7%	-0.7%
San Carlos	\$379,000	\$428,000	\$328,000	11.4%	15.5%
San Mateo	\$304,000	\$300,000	\$268,500	1.3%	12.8%
South San Francisco	\$257,000	\$242,250	\$218,250	6.1%	17.8%
Woodside	\$479,000	\$620,000	\$725,000	41.8%	21.2%

SOURCE: California Association of REALTORS®; TransAmerica's MacroScan Real Estate Service

UNEMPLOYMENT RATE

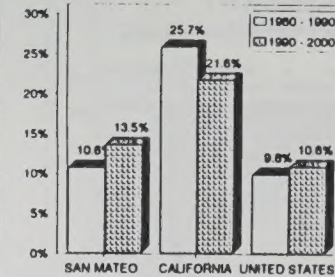
SAN MATEO COUNTY



- **Jobless rate very low**
- November: 2.2%
- California: 5.7%
- Signals labor shortage, especially in software engineering

SOURCE: Employment Development Department

POPULATION GROWTH IN SAN MATEO COMPARED TO THE NATION AND THE STATE

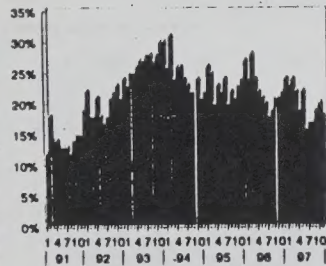


- **Faster population growth in '90s**
- Above national trends
- But lower than the state
- **Good long term housing demand**

SOURCES: CENSUS; DEPT OF FINANCE

HOUSING AFFORDABILITY

SAN MATEO

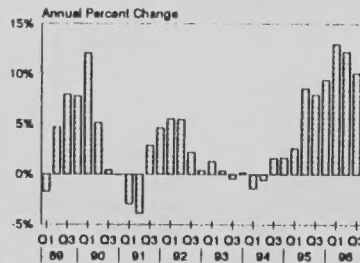


- **Long term improvement in affordability eroding!**
- Now: 18%
- Summer 1991: 12%
- But still low compared to rest of state
- **Affordability problem on the horizon?**

SOURCE: California Association of Realtors

TAXABLE SALES

SAN MATEO COUNTY

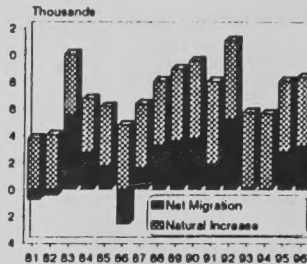


- **Strong growth in taxable sales**
- Reflects improved confidence
- Ripple effect of high tech boom

Source: Census Bureau

SOURCES OF POPULATION GROWTH

SAN MATEO COUNTY

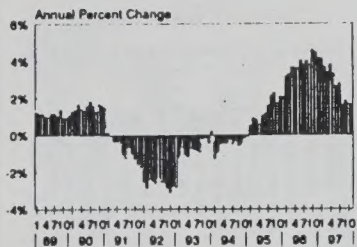


- **Positive net migration in 1990's**
- **Contrasts with statewide trends**
- **Mirrors job market**

Source: Department of Finance

NONFARM EMPLOYMENT

SAN FRANCISCO METROPOLITAN AREAS

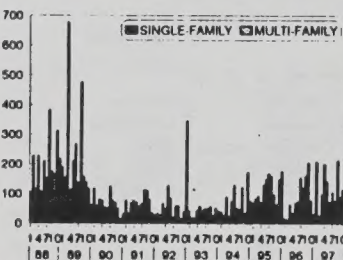


- **Jobs up 1.6% in November**
- **Sectoral strengths:**
- High Tech
- Durable Goods
- Educational Services

Source: Employment Development Department

NEW HOUSING PERMITS

SAN MATEO COUNTY

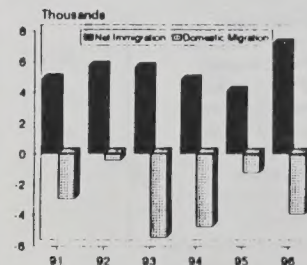


- **Housing permits rising**
- Large increase in January, driven by multi-family
- Lack of housing could constrain local economic development
- Up 29.4% in first eleven months from low base

SOURCE: Construction Industry Research Board

NET IMMIGRATION VS. DOMESTIC MIGRATION

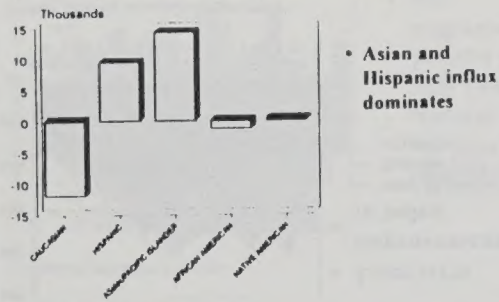
SAN MATEO COUNTY



- **Net migration positive because...**
- **Foreign immigration is making up for domestic outflows**

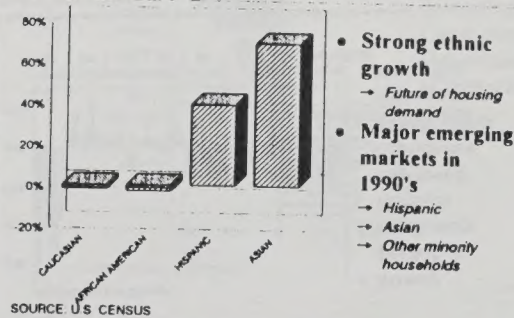
Source: Department of Finance

NET IMMIGRATION BY ETHNIC GROUP SAN MATEO (1990 CENSUS TO JULY 1995)

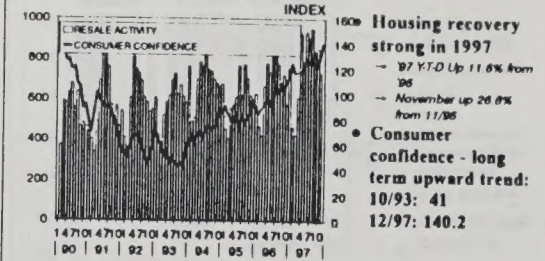


Source: Department of Finance

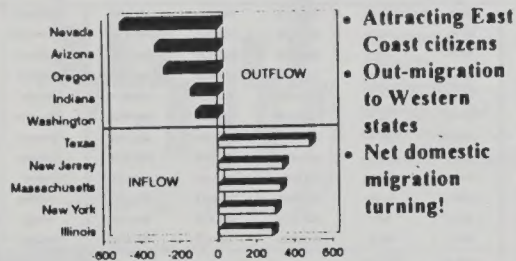
HOUSEHOLD GROWTH BY ETHNIC MIX SAN MATEO COUNTY (1980 - 1990)



HOME RESALE ACTIVITY AND PACIFIC WEST CONSUMER CONFIDENCE ALAMEDA



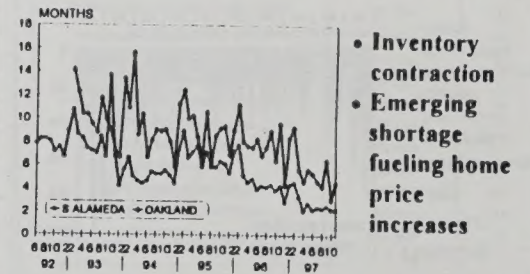
NET MIGRATION IN SAN MATEO INTERSTATE FLOWS 1995/1996



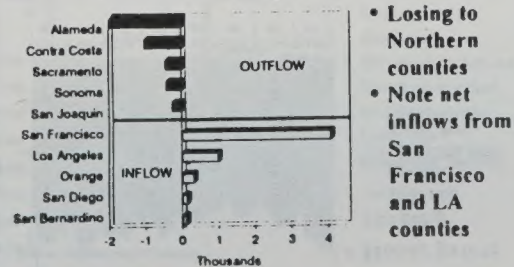
Source: CA Dept. of Finance

Alameda County Trends

UNSOLD INVENTORY INDEX SOUTHERN ALAMEDA & OAKLAND



NET MIGRATION IN SAN MATEO INTERCOUNTY FLOWS 1995/1996

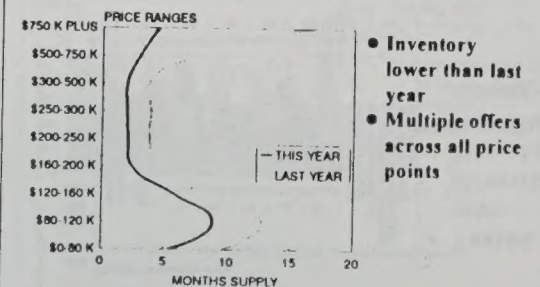


Source: CA Dept. of Finance

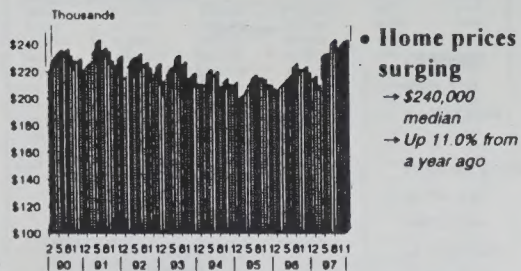
Alameda County Profile

Characteristic	Statistic	State Rank
1996 Population	1,365,000	7
% Population Change 1990 - 1996	6.2%	40
% Population Change 1980 - 1990	15.72%	44
% White 1995	48.6%	54
% Hispanic 1995	15.7%	27
% Black 1995	17.6%	1
% Asian & Pacific Islander 1995	17.4%	4
1997 Per Capita Income	\$23,542	
1997 Median Household Income	\$47,686	
1997 Median Age	35.04	29
Land Area Square Miles	738	50
1993 Total Number of Firms	60,396	5
1996 Employment	650,800	5

HOUSING SUPPLY OF EXISTING HOMES SOUTHERN ALAMEDA & OAKLAND - 11/97 vs. 11/96

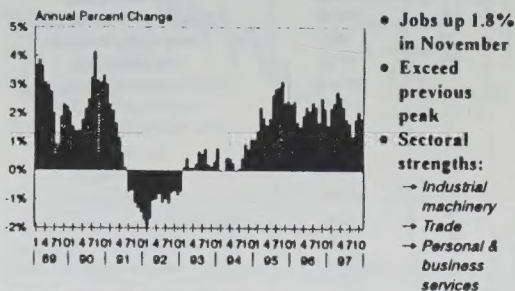


MEDIAN HOME PRICES ALAMEDA



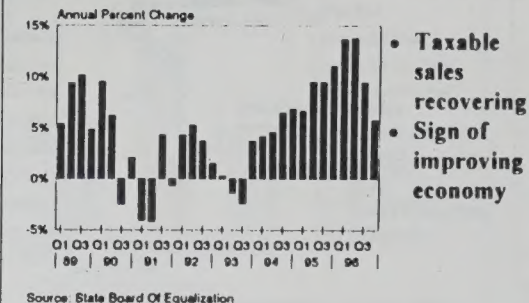
SOURCE: California Association of REALTORS®

NONFARM EMPLOYMENT OAKLAND METROPOLITAN AREA



Source: Employment Development Department

TAXABLE SALES ALAMEDA COUNTY



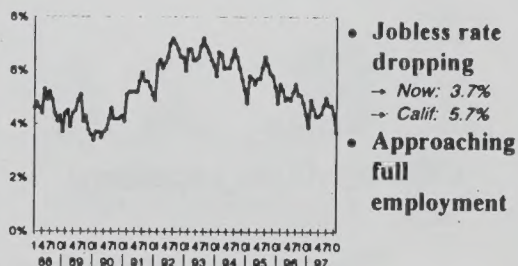
Source: State Board of Equalization

MEDIAN HOME SALES PRICE ALAMEDA COUNTY

	Nov 97	Oct 97	Nov 96	Monthly % Change	Yearly % Change
Alameda	\$245,000	\$253,000	\$225,000	-3.2%	8.9%
Albany	\$253,000	\$236,500	\$238,000	7.0%	7.2%
Berkeley	\$218,750	\$267,000	\$251,500	-18.1%	-13.0%
Dublin	\$224,000	\$215,500	\$219,500	3.9%	2.1%
Fremont	\$258,000	\$255,000	\$224,000	1.6%	15.6%
Hayward	\$167,750	\$186,500	\$180,000	-0.4%	4.8%
Livermore	\$206,750	\$205,250	\$188,000	0.7%	11.2%
Neenah	\$215,000	\$227,000	\$185,500	-5.3%	15.9%
Oakland	\$168,500	\$182,500	\$151,000	-12.5%	11.6%
Pleasanton	\$282,000	\$275,000	\$274,000	6.2%	6.6%
San Leandro	\$170,000	\$163,500	\$151,000	4.0%	12.6%
Union City	\$215,500	\$222,500	\$197,500	3.1%	9.1%

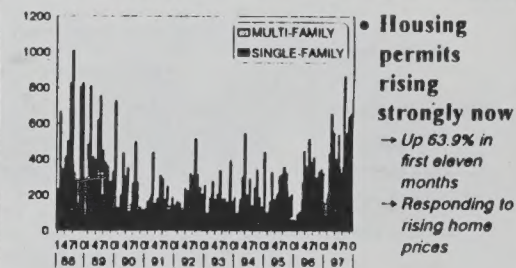
SOURCE: California Association of REALTORS® Transamerica's MetroScan Real Estate Service

UNEMPLOYMENT RATE ALAMEDA



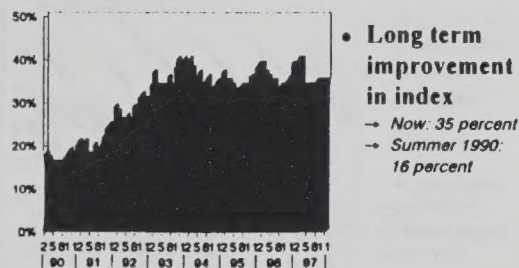
SOURCE: Employment Development Department

NEW HOUSING PERMITS ALAMEDA COUNTY



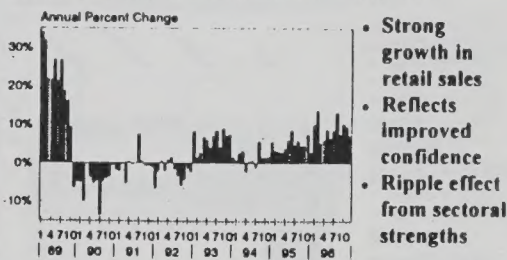
SOURCE: Construction Industry Research Board

HOUSING AFFORDABILITY ALAMEDA



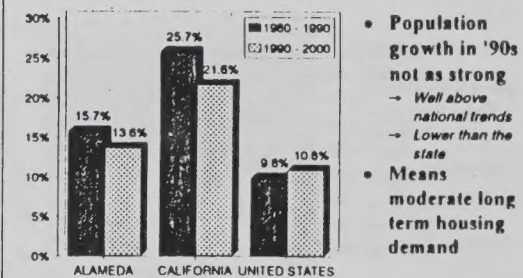
SOURCE: California Association of REALTORS®

RETAIL SALES OAKLAND METROPOLITAN AREA



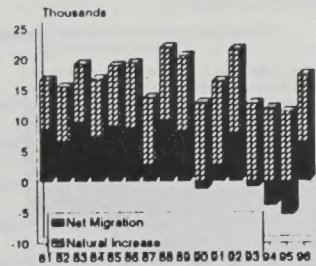
* Due to budget constraints, Census Bureau has discontinued retail sale as of January 1997.
Source: Census Bureau

POPULATION GROWTH IN ALAMEDA COMPARED TO THE NATION AND THE STATE



SOURCES: CENSUS, DEPT OF FINANCE

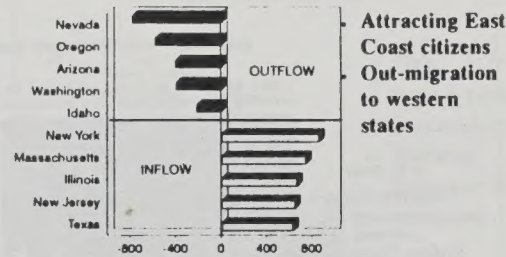
SOURCES OF POPULATION GROWTH ALAMEDA COUNTY



Source: Department of Finance

- Net migration positive in July 1996
- Natural increase is constant

NET MIGRATION IN ALAMEDA INTERSTATE FLOWS 1995/1996

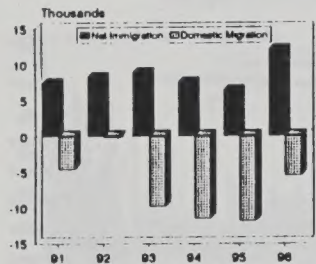


Source: CA Dept. of Finance

Attracting East Coast citizens
Out-migration to western states

Contra Costa County Trends

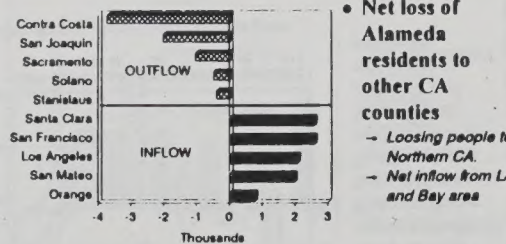
NET IMMIGRATION VS. DOMESTIC MIGRATION ALAMEDA



Source: Department of Finance

- Net migration positive because...
- Foreign Immigration making up for losses from domestic outflows

NET MIGRATION IN ALAMEDA INTERCOUNTY FLOWS 1995/1996



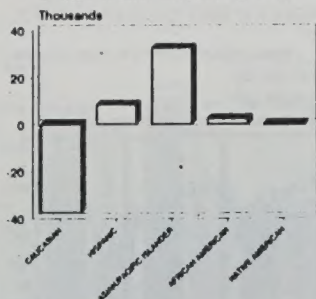
Source: CA Dept. of Finance

- Net loss of Alameda residents to other CA counties
- Losing people to Northern CA.
- Net inflow from LA and Bay area

Contra Costa County Profile

Characteristic	Statistic	State Rank
1996 Population	877,900	8
% Population Change 1990 - 1996	8.7%	28
% Population Change 1980 - 1990	22.46%	36
% White 1995	66.9%	33
% Hispanic 1995	12.7%	32
% Black 1995	9.2%	6
% Asian & Pacific Islander 1995	10.6%	9
1997 Per Capita Income	\$27,430	
1997 Median Family Income	\$55,443	
	36.83	20
Land Area Square Miles	730	51
1993 Total Number of Firms	33,800	11
1996 Employment	435,500	9

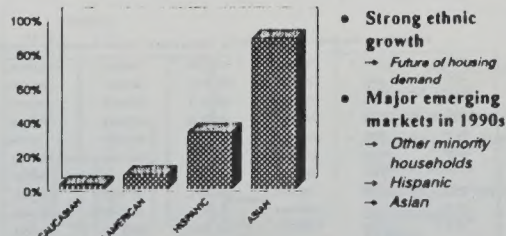
NET IMMIGRATION BY ETHNIC GROUP ALAMEDA (1990 CENSUS TO JULY 1995)



Source: Department of Finance

- Asians immigrants dominate
- Strong impact on housing market as immigrants move up economic ladder

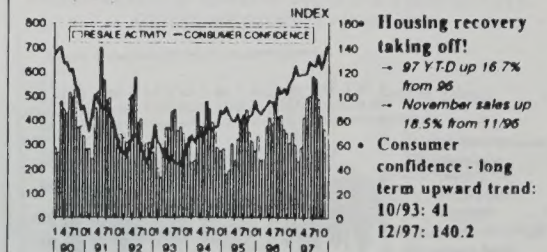
HOUSEHOLD GROWTH BY ETHNIC MIX ALAMEDA COUNTY (1980 - 1990)



SOURCE: U.S. CENSUS

- Strong ethnic growth
- Future of housing demand
- Major emerging markets in 1990s
- Other minority households
- Hispanic
- Asian

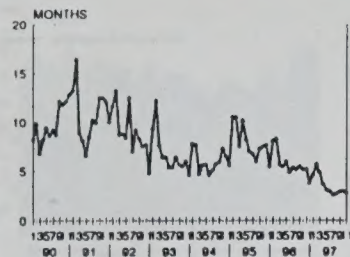
HOME RESALE ACTIVITY AND PACIFIC WEST CONSUMER CONFIDENCE CONTRA COSTA



SOURCE: California Association of REALTORS®; The Conference Board

- Housing recovery taking off!
- 97 Y.T.D. up 16.7% from '96
- November sales up 18.5% from 11/96
- Consumer confidence - long term upward trend: 10/93: 41
- 12/97: 140.2

UNSOLD INVENTORY INDEX CONTRA COSTA



- Sharp inventory contraction in 1997
- Extreme shortage fueling home price appreciation

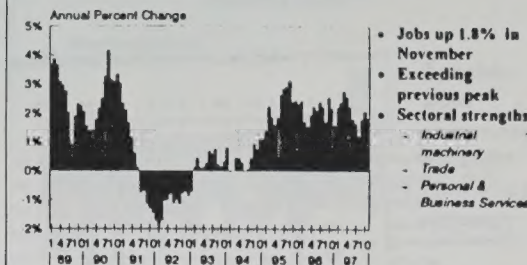
SOURCE: California Association of REALTORS®

MEDIAN HOME SALES PRICE CONTRA COSTA COUNTY

	Nov 97	Oct 97	Nov 96	Monthly % Change	Yearly % Change
Antioch	\$140,250	\$146,000	\$157,000	3.9%	-10.7%
Concord	\$156,750	\$161,500	\$150,500	2.9%	4.2%
Danville	\$399,500	\$384,000	\$368,250	4.0%	9.1%
Lafayette	\$372,500	\$380,000	\$365,000	2.0%	2.1%
Martinez	\$178,000	\$162,250	\$173,750	9.7%	2.4%
Moraga	\$362,500	\$408,000	\$345,000	10.7%	5.1%
Orinda	\$510,000	\$415,000	\$368,000	22.9%	31.4%
Pineola	\$157,500	\$165,000	\$175,000	4.5%	10.0%
Pittsburg	\$110,000	\$125,800	\$138,000	12.6%	20.3%
Pleasant Hill	\$225,000	\$205,000	\$195,500	9.8%	21.3%
Richmond	\$124,000	\$148,000	\$123,500	16.2%	0.4%
San Pablo	\$130,000	\$118,500	\$114,000	9.7%	14.0%
San Ramon	\$286,500	\$285,000	\$262,000	4.0%	13.2%
Walnut Creek	\$252,000	\$264,250	\$241,750	4.8%	4.2%

SOURCES: California Association of REALTORS® TransAmerica's MetroScan Real Estate Service

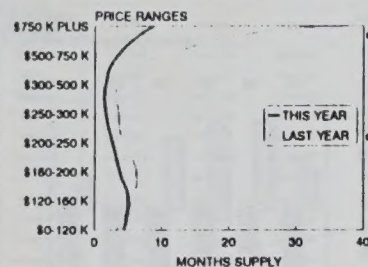
NONFARM EMPLOYMENT OAKLAND METROPOLITAN AREA



- Jobs up 1.8% in November
- Exceeding previous peak
- Sectoral strengths
 - Industrial machinery
 - Trade
 - Personal & Business Services

Source: Employment Development department

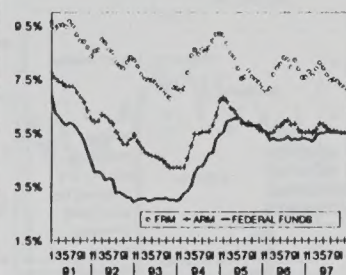
HOUSING SUPPLY OF EXISTING HOMES CONTRA COSTA - 11/97 vs. 11/96



- Inventory lower than last year in most price ranges
- Multiple offers common occurrence

SOURCE: California Association of REALTORS®

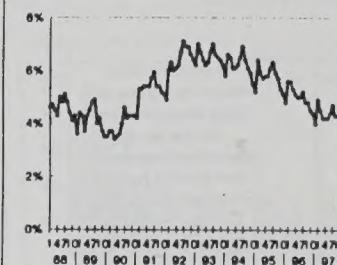
MORTGAGE RATES



- Mortgage rates falling!
- Asian crisis likely to keep rates in check
- Fed may lower later this year
- Real mortgage rates (adjusted for inflation) still high and somewhat restrictive

SOURCE: FEDERAL HOME LOAN MORTGAGE CORP

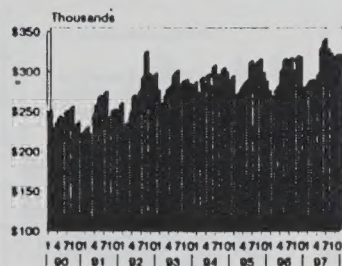
UNEMPLOYMENT RATE CONTRA COSTA



- Jobless rate dropping
 - November: 3.6%
 - Calif: 5.7%
- Approaching full employment

SOURCE: Employment development department

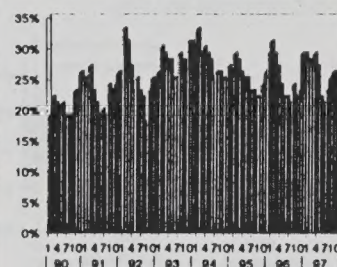
MEDIAN HOME PRICES CONTRA COSTA



- Median home price increases continuing
 - \$317,470 median
 - Up 14.2% from 11/96
- Substantial appreciation in many areas

SOURCE: California Association of REALTORS®

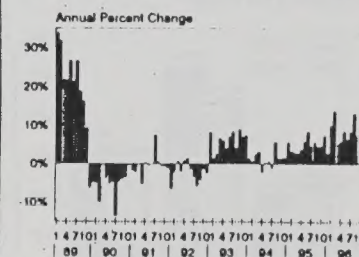
HOUSING AFFORDABILITY CONTRA COSTA



- Moderate long term gain eroding slowly
 - Now 26%
 - Summer 1992 18%
- Affordability rather low

SOURCE: California Association of REALTORS®

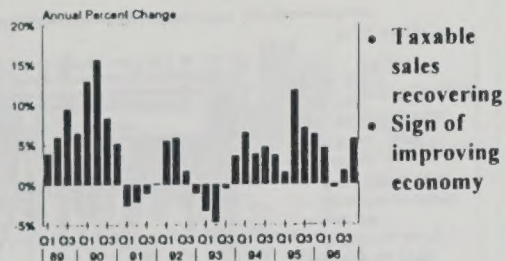
RETAIL SALES OAKLAND METROPOLITAN AREA



- Strong growth in retail sales
- Reflects improved confidence
- Ripple effect from sectoral strengths

* Due to budget constraints, Census Bureau has discontinued retail sales since January 1997
Source: Census Bureau

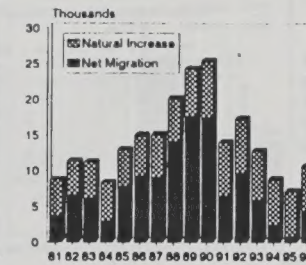
TAXABLE SALES CONTRA COSTA COUNTY



Source: State Board of Equalization

- Taxable sales recovering
- Sign of improving economy

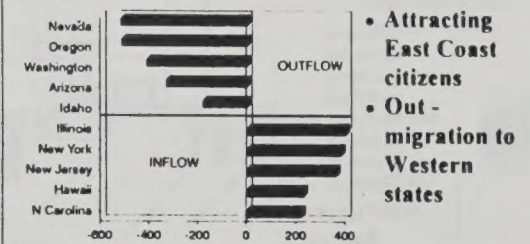
SOURCES OF POPULATION GROWTH CONTRA COSTA COUNTY



Source: Department of Finance

- Net in-migration increasing
- Natural increase is constant

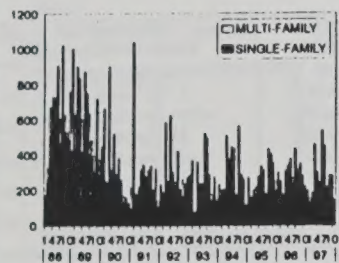
NET MIGRATION IN CONTRA COSTA INTERSTATE FLOWS 1995/1996



Source: CA Dept. of Finance

- Attracting East Coast citizens
- Out-migration to Western states

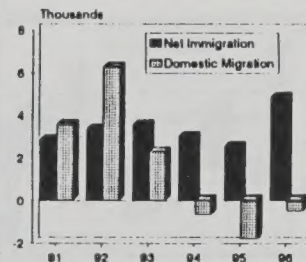
NEW HOUSING PERMITS CONTRA COSTA COUNTY



SOURCE: Construction Industry Research Board

- Housing permits low
- Down 2.7% in first eleven months
- Growth controls curbing construction
- Housing crisis coming?

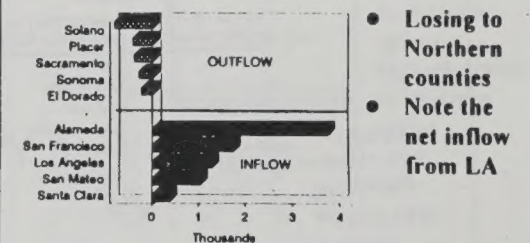
NET IMMIGRATION VS. DOMESTIC MIGRATION CONTRA COSTA



Source: Department of Finance

- Net migration positive because...
- Foreign immigration making up for losses from domestic outflows

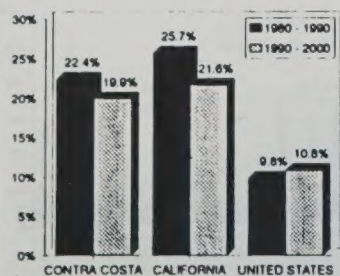
NET MIGRATION IN CONTRA COSTA INTERCOUNTY FLOWS 1995/1996



Source: CA Dept. of Finance

- Losing to Northern counties
- Note the net inflow from LA

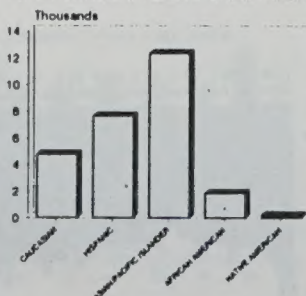
POPULATION GROWTH IN CONTRA COSTA COMPARED TO THE NATION AND THE STATE



SOURCES: CENSUS, DEPT. OF FINANCE

- Population growth in '90s not as strong
- Well above national trends
- Means good long term housing demand

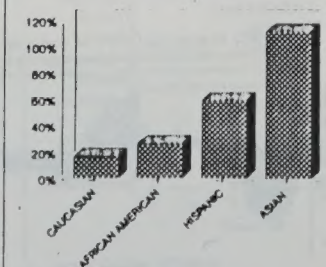
NET IMMIGRATION BY ETHNIC GROUP CONTRA COSTA (1990 CENSUS TO JULY 1995)



Source: Department of Finance

- Asian population biggest gain
- But also Hispanic
- Housing market strong as immigrants move up economic ladder

HOUSEHOLD GROWTH BY ETHNIC MIX CONTRA COSTA COUNTY (1980 - 1990)

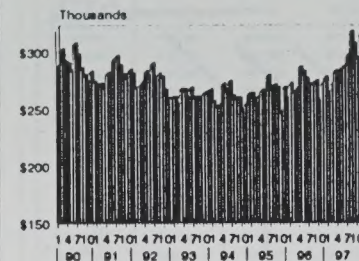


SOURCE: U.S. CENSUS

- Strong ethnic growth
- Future of housing demand
- Major emerging markets in 1990s
- Other minority households
- Hispanic
- Asian

San Francisco County Trends

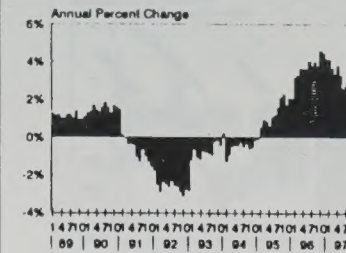
MEDIAN HOME PRICES SAN FRANCISCO



- Home prices surging
→ Up 16.0% from a year ago
→ Median: \$314,290
- Low inventory fuels multiple offers

SOURCE: California Association of REALTORS®

NONFARM EMPLOYMENT SAN FRANCISCO METROPOLITAN AREAS



- Jobs up 1.6% in November
- Exceeding previous peak
- Sectoral strengths:
→ High tech production
→ Multi-Media
→ Business services
→ Education
- Silicon Valley "echo"

SOURCE: Employment Development Department

San Francisco County Profile

Characteristic	Statistic	State Rank
1996 Population	768,200	11
% Population Change 1990 - 1996	5.5%	46
% Population Change 1980 - 1990	6.63%	55
% White 1995	42.7%	56
% Hispanic 1995	15.1%	28
% Black 1995	10.1%	4
% Asian & Pacific Islander 1995	31.7%	1
1997 Per Capita Income	\$26,741	
1997 Median Household Income	\$42,735	
1997 Median Age	38.67	14
Land Area Square Miles	46	56
1993 Total Number of Firms	45,315	7
1996 Employment	384,100	10

MEDIAN HOME SALES PRICE

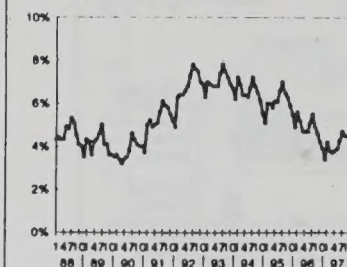
SAN FRANCISCO COUNTY



	Nov 97	Oct 97	Nov 96	Monthly % Change	Yearly % Change
San Francisco	\$315,000	\$290,000	\$268,500	8.6%	17.3%

SOURCES: California Association of REALTORS®; Trendence & MetroScan Real Estate Service

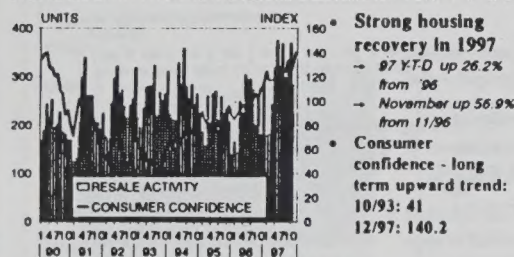
UNEMPLOYMENT RATE SAN FRANCISCO COUNTY



- Volatile jobless rate dropping
→ Now: 3.6%
→ Calif: 5.7%

SOURCE: Employment Development Department

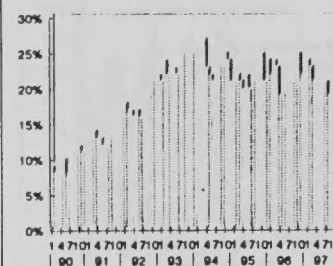
HOME RESALE ACTIVITY AND PACIFIC WEST CONSUMER CONFIDENCE SAN FRANCISCO



- Strong housing recovery in 1997
→ '97 Y.T.D. up 26.2% from '96
→ November up 56.9% from 11/96
- Consumer confidence - long term upward trend:
10/93: 41
12/97: 140.2

SOURCE: California Association of REALTORS®, The Conference Board

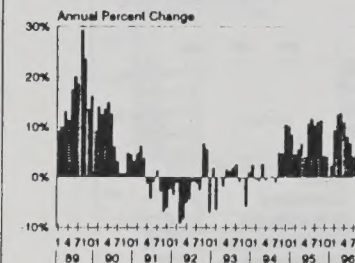
HOUSING AFFORDABILITY SAN FRANCISCO



- Long term improvement in index
→ Now: 20%
→ Summer 1990: 8%
→ Very exclusive housing market
→ Affordability becoming an issue again

SOURCE: California Association of REALTORS®

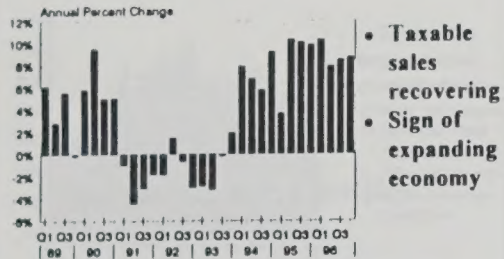
RETAIL SALES SAN FRANCISCO METROPOLITAN AREA



- Strong retail sales
→ Illustrates turn around in SF County
→ Coincides with job gains
→ Reflects rebounding confidence

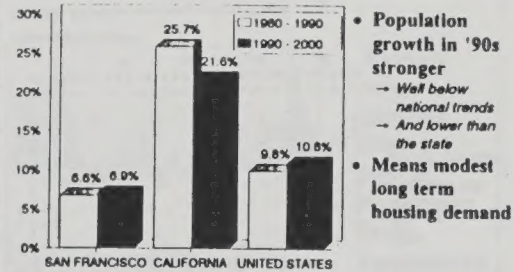
* Due to budget constraints, Census Bureau has discontinued retail sales since January 1997
Source: Census Bureau

TAXABLE SALES SAN FRANCISCO COUNTY



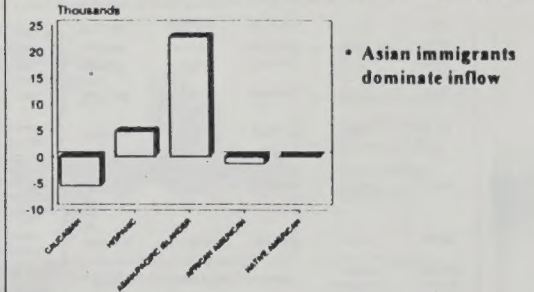
Source: State Board Of Equalization

POPULATION GROWTH IN SAN FRANCISCO COMPARED TO THE NATION AND THE STATE



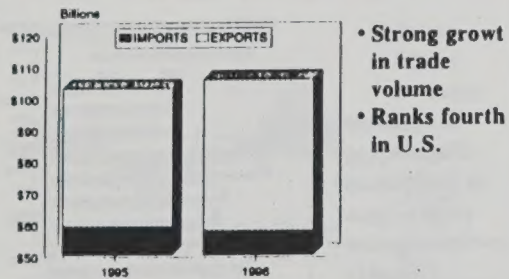
SOURCES: CENSUS, DEPT OF FINANCE

NET IMMIGRATION BY ETHNIC GROUP SAN FRANCISCO (1990 CENSUS TO JULY 1995)



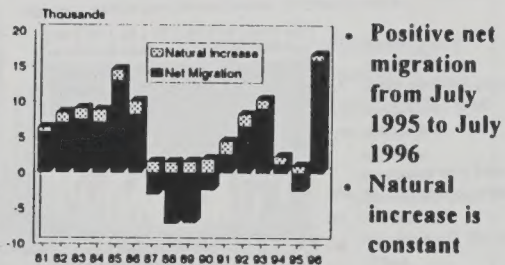
Source: Department of Finance

TOTAL TRADE VOLUME IN SAN FRANCISCO (EXPORTS PLUS IMPORTS)



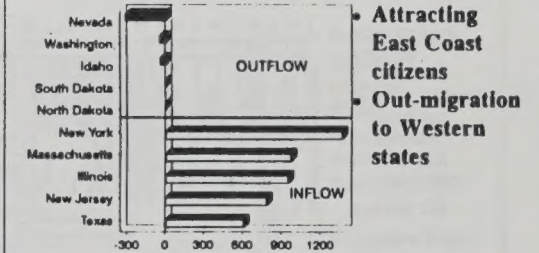
SOURCE: Bureau of the Census

SOURCES OF POPULATION GROWTH SAN FRANCISCO COUNTY



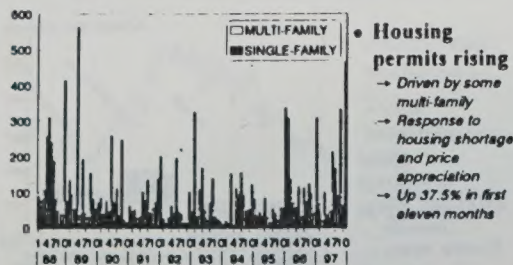
Source: Department of Finance

NET MIGRATION IN SAN FRANCISCO INTERCOUNTY FLOWS 1995/1996



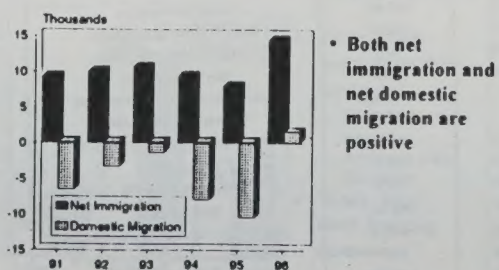
Source: CA Dept of Finance

NEW HOUSING PERMITS SAN FRANCISCO COUNTY



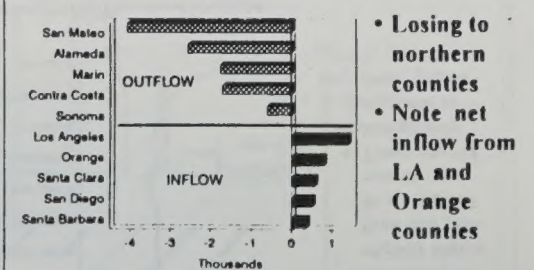
SOURCE: Construction Industry Research Board

NET IMMIGRATION VS. DOMESTIC MIGRATION SAN FRANCISCO COUNTY



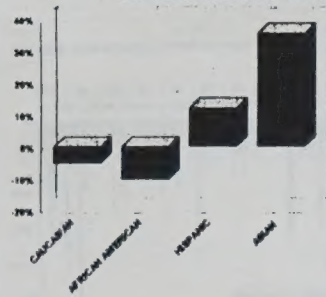
Source: Department of Finance

NET MIGRATION IN SAN FRANCISCO INTERCOUNTY FLOWS 1995/1996



Source: CA Dept of Finance

HOUSEHOLD GROWTH BY ETHNIC MIX SAN FRANCISCO COUNTY (1980 - 1990)



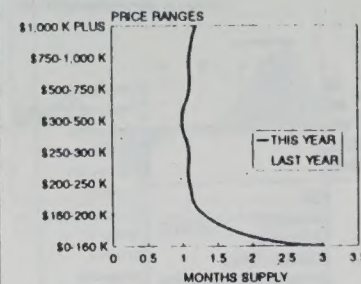
SOURCE: U.S. CENSUS

- Strong ethnic growth
→ Future housing demand
- Major emerging markets in 1990s
→ Hispanic
→ Asian

Marin County Profile

Characteristic	Statistic	State Rank
1996 Population	239,500	23
% Population Change 1990 - 1996	4.0%	50
% Population Change 1980 - 1990	3.37%	56
% White 1995	82.5%	18
% Hispanic 1995	9.3%	41
% Black 1995	3.4%	22
% Asian & Pacific Islander 1995	4.6%	21
1997 Per Capita Income	\$38,447	
1997 Median Household Income	\$59,854	
1997 Median Age	40.92	6
Land Area Square Miles	523	55
1993 Total Number of Firms	18,065	16
1996 Employment	126,000	23

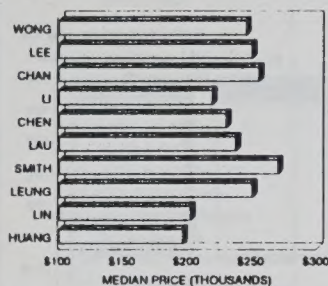
HOUSING SUPPLY OF EXISTING HOMES MARIN - 11/97 vs. 11/96



SOURCE: California Association of REALTORS®

- Inventory is slightly higher than last year in most price ranges
- There should be a supply response to rising prices

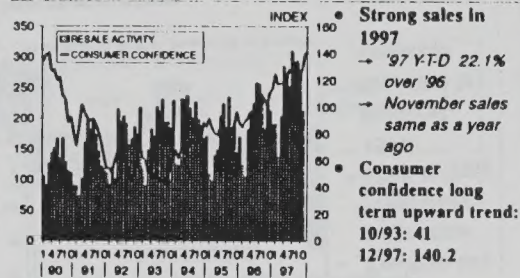
TOP 10 HOME BUYER SURNAMES IN SAN FRANCISCO



SOURCE: DATAQUICK INFORMATION SYSTEMS

- Surnames typically associated with Asians prominent in SF housing market

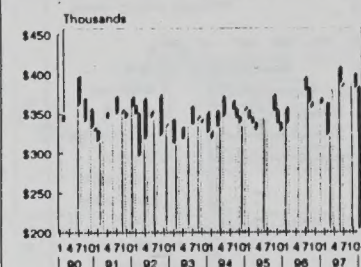
HOME RESALE ACTIVITY AND PACIFIC WEST CONSUMER CONFIDENCE MARIN



SOURCE: California Association of Realtors; The Conference Board

- Strong sales in 1997
→ '97 Y-T-D 22.1% over '96
→ November sales same as a year ago
- Consumer confidence long term upward trend:
10/93: 41
12/97: 140.2

MEDIAN HOME PRICES MARIN

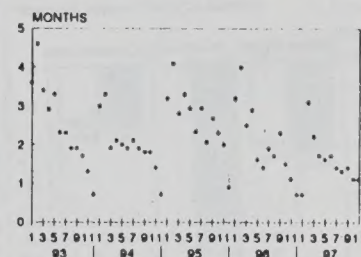


SOURCE: California Association of Realtors

- Home price trend up
→ A year ago: \$363,950
→ October \$378,905
→ Up 4.1% from last year
- Exceeds previous peak

Marin County Trends

UNSOLD INVENTORY INDEX*



* New listings only

SOURCE: California Association of REALTORS®

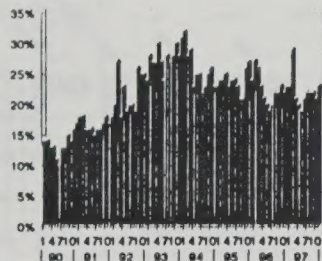
- Extremely low
- Positive impact on price trends

MEDIAN HOME SALES PRICE MARIN COUNTY

	Oct 97	Sept 97	Oct 96	Monthly % Change	Yearly % Change
Belvedere/Tiburon	\$586,000	\$718,000	\$625,000	-18.2%	-38.6%
Corte Madera/Greenbrae/Kentfield/Larkspur	\$550,000	\$465,000	\$427,500	18.3%	28.7%
Fairfax/Rose/San Anselmo	\$388,000	\$324,000	\$319,500	19.8%	21.4%
Mill Valley	\$395,000	\$480,000	\$398,000	-14.1%	-0.8%
Novato	\$245,000	\$240,000	\$228,500	2.1%	8.8%
San Rafael	\$322,000	\$317,498	\$292,498	1.4%	10.1%
Sausalito	\$417,500	\$470,000	\$415,000	-11.2%	0.8%

SOURCES: California Association of REALTORS®; TransAmerica's Marin/San Rafael Estate Service

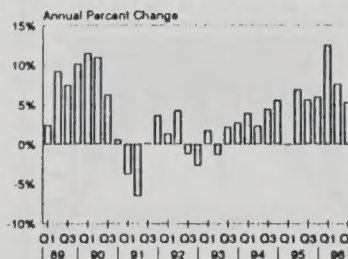
HOUSING AFFORDABILITY MARIN



SOURCE: California Association of Realtors

- Affordability improvement eroding slowly
 - Now: 23 percent
 - Summer 1990: 10 percent
 - Affordability one of the lowest in California

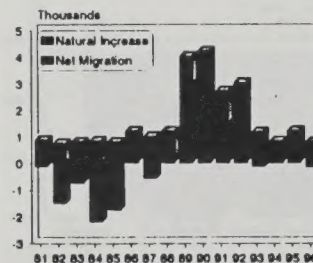
TAXABLE SALES MARIN COUNTY



Source: Census Bureau

- Taxable sales growing
- Clearest sign of recovering local economy

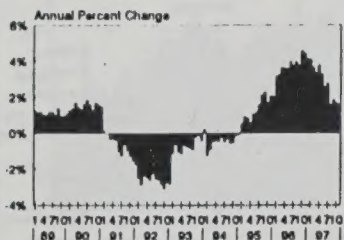
SOURCES OF POPULATION GROWTH MARIN COUNTY



Source: Department of Finance

- Negative growth in net-migration
- Natural increase is constant
- Mirrors Bay Area labor market

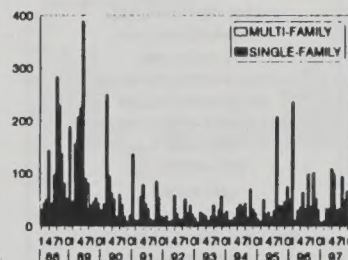
NONFARM EMPLOYMENT SAN FRANCISCO METROPOLITAN AREAS



Source: Employment Development Department

- Jobs up 1.6% in November
- Sectoral strengths:
 - Professional services
 - Tourism
 - Entertainment, Retail
 - Foreign trade

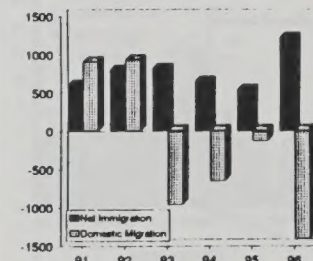
NEW HOUSING PERMITS MARIN COUNTY



SOURCE: Construction Industry Research Board

- Housing permits still miniscule
 - Housing shortage looming?
 - Down 22.2% in first eleven months

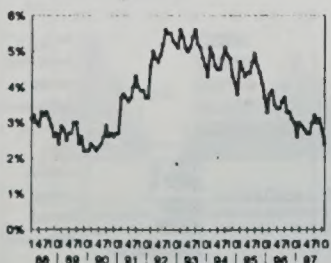
NET IMMIGRATION VS. DOMESTIC MIGRATION MARIN



Source: Department of Finance

- Net domestic migration negative
- While immigration makes up for domestic losses

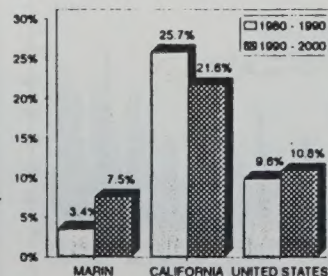
UNEMPLOYMENT RATE MARIN COUNTY



SOURCE: Employment Development Department

- Jobless rate declining to full employment level
 - Now: 2.4%
 - Calif.: 5.7%

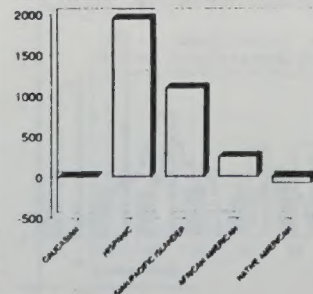
POPULATION GROWTH IN MARIN COMPARED TO THE NATION AND THE STATE



SOURCES: CENSUS; DEPT. OF FINANCE

- Population growth in '90s stronger
 - Well below state trends
 - And lower than the nation
- Weak long term housing demand

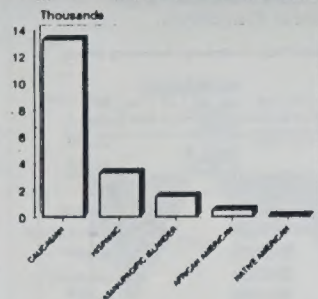
NET IMMIGRATION BY ETHNIC GROUP MARIN (1990 CENSUS TO JULY 1995)



Source: Department of Finance

- Strong Hispanic and Asian inflow
- Will increase housing demand

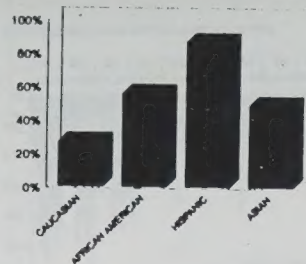
NET IMMIGRATION BY ETHNIC GROUP SONOMA (1990 CENSUS TO JULY 1995)



- Caucasian inflow dominates immigration

Source: Department of Finance

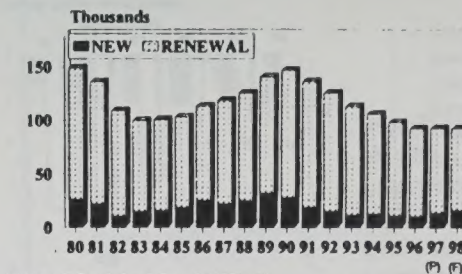
HOUSEHOLD GROWTH BY ETHNIC MIX SONOMA COUNTY (1980 - 1990)



- Strong ethnic growth
 - Future of housing demand
- Major emerging markets in 1990s
 - Hispanic
 - Asian
 - Non traditional households

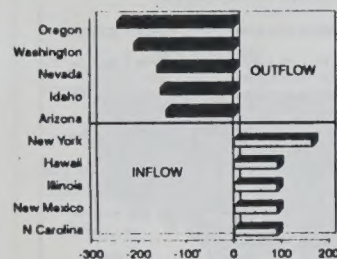
SOURCE: U.S. CENSUS

C.A.R. Membership: New and Renewal



SOURCE: California Association of REALTORS®

NET MIGRATION IN SONOMA COUNTY INTERSTATE FLOWS 1995/1996

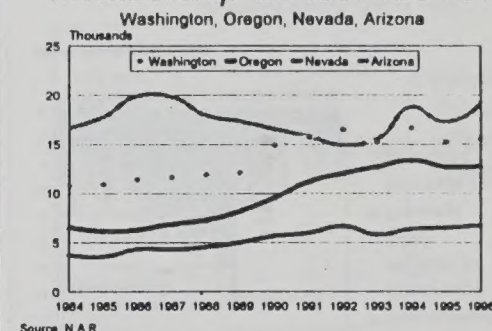


- Attracting East Coast citizens
- Most out-migration to western states

Source: CA Dept. of Finance

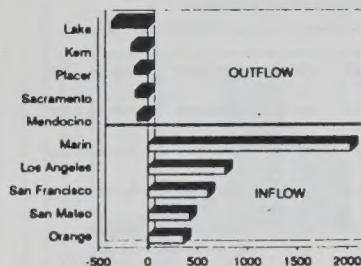
Real Estate Brokerage Industry Trends

Membership Trends: 1984-96



Source: N.A.R.

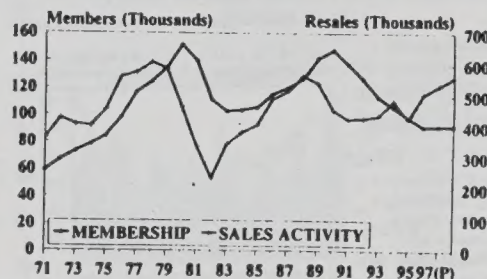
NET MIGRATION IN SONOMA COUNTY INTERCOUNTY FLOWS 1995/1996



- Small out flow to northern counties
- Huge net inflow from Marin and LA

Source: CA Dept. of Finance

C.A.R. Membership v. Sales



SOURCE: California Association of REALTORS®

Thoughts About the Future:

- "I think there is a world market for maybe 5 computers a year and IBM intends to make most of them."
 - Thomas Watson, IBM, 1946
- "There is no reason anyone would want a computer in their home."
 - Ken Olson, Digital Equipment Corp, 1977
- "640K ought to be enough for anybody."
 - Bill Gates, Microsoft, 1981

"The new economy is all about competing for the future. The capacity to create new products or services, and the ability to transform businesses into new entities that yesterday could not be imagined, and that the day after tomorrow may be obsolete."

The Digital Economy by Don Tapscott

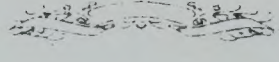
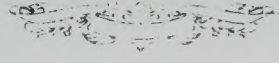


**For More Information on the
Economic Profile**

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